# FYI
# Cover Page

November 9, 2016

Appraisal Subcommittee
Federal Financial Institutions Examination Council

Appraisal Subcommittee
*Federal Financial Institutions Examination Council*

October 18, 2016

Mr. Jim Martin, Bureau Chief
Bureau of Real Estate Appraisers
1102 Q Street, Suite 4100
Sacramento, CA 95811

RE: ASC Compliance Review of California's Appraiser Regulatory Program

Dear Mr. Martin:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the California appraiser regulatory program (Program) on October 10-14, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Excellent." California will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

James R. Park
Executive Director

Attachment
cc: Ms. Elizabeth Seaters, Deputy Bureau Chief of Enforcement

# ASC Finding Descriptions

| ASC Finding | Rating Criteria | Review Cycle* |
|---|---|---|
| Excellent | • State meets all Title XI mandates and complies with requirements of ASC Policy Statements<br>• State maintains a strong regulatory Program<br>• Very low risk of Program failure | 2-year |
| Good | • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements<br>• Deficiencies are minor in nature<br>• State is adequately addressing deficiencies identified and correcting them in the normal course of business<br>• State maintains an effective regulatory Program<br>• Low risk of Program failure | 2-year |
| Needs Improvement | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program<br>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies<br>• State regulatory Program needs improvement<br>• Moderate risk of Program failure | 2-year with additional monitoring |
| Not Satisfactory | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program<br>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing<br>• State regulatory Program has substantial deficiencies<br>• Substantial risk of Program failure | 1-year |
| Poor[1] | • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements<br>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program<br>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies<br>• High risk of Program failure | Continuous monitoring |

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

[1] An ASC Finding of "Poor" may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

# ASC Compliance Review Report

| ASC Compliance Review Report | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | ASC Finding: Excellent |
| | | | | | | | Final Report Issue Date: October 18, 2016 |
| California Appraiser Regulatory Program (State) | | | | | | | |
| State Board Title: N/A | | | | PM: V. Metcalf | ASC Compliance Review Date: October 10-14, 2016 | | Review Period: October 2014 - October 2016 |
| Umbrella Agency: Department of Consumer Affairs | | | | | Number of State Credentialed Appraisers on National Registry: 10,416 | | Review Cycle: Two Year |
| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) | | | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | **General Comments** |
| | **YES** | **NO** | **AC** | | | | |
| **Statutes, Regulations, Policies and Procedures:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Temporary Practice:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **National Registry:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Application Process:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Reciprocity:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Education:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Enforcement:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |

Appraisal Subcommittee
*Federal Financial Institutions Examination Council*

September 12, 2016

Mr. Richard Maloney, Director
Trade Practices Division
Department of Consumer Protection
165 Capitol Avenue, Room110
Hartford, CT 06106

RE: ASC Compliance Review of Connecticut's Appraiser Regulatory Program

Dear Mr. Maloney:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Connecticut appraiser regulatory program (Program) on June 6-8, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the Program. Connecticut will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

James R. Park
Executive Director

Attachment
cc: Ms. Michelle Seagull, Deputy Commissioner
Ms. Julianne Avallone, Legal Director
Ms. Linda M. Kieft-Robitaille, Real Estate Examiner

# ASC Finding Descriptions

| ASC Finding | Rating Criteria | Review Cycle* |
|---|---|---|
| Excellent | • State meets all Title XI mandates and complies with requirements of ASC Policy Statements<br>• State maintains a strong regulatory Program<br>• Very low risk of Program failure | 2-year |
| Good | • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements<br>• Deficiencies are minor in nature<br>• State is adequately addressing deficiencies identified and correcting them in the normal course of business<br>• State maintains an effective regulatory Program<br>• Low risk of Program failure | 2-year |
| Needs Improvement | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program<br>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies<br>• State regulatory Program needs improvement<br>• Moderate risk of Program failure | 2-year with additional monitoring |
| Not Satisfactory | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program<br>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing<br>• State regulatory Program has substantial deficiencies<br>• Substantial risk of Program failure | 1-year |
| Poor[1] | • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements<br>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program<br>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies<br>• High risk of Program failure | Continuous monitoring |

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

[1] An ASC Finding of "Poor" may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

# ASC Compliance Review Report

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **ASC Compliance Review Report** | | | | | | | **ASC Finding: Good**<br>**Final Report Issue Date: September 12, 2016** |
| **Connecticut Appraiser Regulatory Program (State)** | | | | | | | |
| **Connecticut Real Estate Appraisal Commission (Commission)/ Decision Making** | | | | **PM: V. Metcalf** | **ASC Compliance Review Date: June 6-8, 2016** | | **Review Period: July 2014 to June 2016** |
| **Umbrella Agency: Department of Consumer Protection** | | | | | **Number of State Credentialed Appraisers on National Registry: 1,272** | | **Review Cycle: Two Year** |
| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) | | | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | **General Comments** |
| | **YES** | **NO** | **AC** | | | | |
| **Statutes, Regulations, Policies and Procedures:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Temporary Practice:** | | | X | | | | |
| States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.) | | | | The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application. | On August 17, 2016, the State replied that effective August 1st, temporary practice applications primarily will be received online, to prompt quicker internal processing procedures. Any paper applications will be identified and removed from the batch flow to ensure 5-day processing. | The State should monitor the new procedures for temporary practice permit processing to ensure compliance with Title XI and ASC Policy Statement 2. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2 during the next Review. |
| **National Registry:** | | | X | | | | |
| States are required to report disciplinary action via the extranet application as soon as practicable. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.) | | | | The State did not add one suspension and two fines imposed by the Commission in 2014 to the National Registry until 2016. | On August 17, 2016, the State responded that all missing disciplinary actions were reported to the National Registry. Going forward, the State will report disciplinary actions within 48 hours after an action is taken. | The State should monitor the new procedure to ensure all disciplinary actions are submitted to the ASC National Registry in a timely manner. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3 during the next Review. |
| **Application Process:** | | | X | | | | |
| States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 C.) | | | | The 2014 Connecticut audit of affidavits for continuing education (CE) claimed resulted in a 12% failure rate. | On August 17, 2016, the State reported it has increased the 2016 audited population by an additional 15%. The State will also email a notice to all appraisers highlighting the importance of compliance. | The State should monitor the audit process and take additional remedial action if more than 10% of audited affidavits for CE fail to meet the minimum AQB Criteria to ensure compliance with Title XI and ASC Policy Statement 4. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 during the next Review. |

| ASC Compliance Review Report | | | | | | ASC Finding: Good<br>Final Report Issue Date: September 12, 2016 |
|---|---|---|---|---|---|---|
| **Connecticut Appraiser Regulatory Program (State)** | | | | | | |
| **Connecticut Real Estate Appraisal Commission (Commission)/ Decision Making** | | | **PM: V. Metcalf** | **ASC Compliance Review Date: June 6-8, 2016** | | **Review Period: July 2014 to June 2016** |
| **Umbrella Agency: Department of Consumer Protection** | | | | **Number of State Credentialed Appraisers on National Registry: 1,272** | | **Review Cycle: Two Year** |

| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) YES | NO | AC | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | **General Comments** |
|---|---|---|---|---|---|---|---|
| **Application Process continued:** | | | X | | | | |
| States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.) | | | | The AQB Criteria requires applicants for the Certified General appraiser classification to complete 300 creditable class hours as specified in the Required Core Curriculum. Connecticut issued a Certified General credential to an applicant who did not possess education in all of the Required Core Curriculum areas. | On August 17, 2016, the State reported they evaluated courses completed by the applicant in the 1970s and concluded that these courses satisfied AQB requirements. | The State should implement an effective policy and procedure to ensure in the future, application files contain documentation to support compliance with AQB Criteria. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 during the next Review. |
| **Application Process continued:** | | | X | | | | |
| States must maintain adequate documentation to support verification of all claimed education. (12 U.S.C. § 3347; Policy Statement 4 B, C.) | | | | The AQB Criteria requires applicants for the Certified General credential to hold a Bachelor's degree or higher from an accredited college or university. The State issued a certified general credential without verifying the applicant held a Bachelor's degree. | On August 17, 2016, the State provided a copy of the applicant's transcript evidencing receipt of a Bachelor's degree. | The State should implement an effective policy and procedure to ensure in the future, application files contain documentation to support compliance with AQB Criteria. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 during the next Review. |
| **Reciprocity:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Education:** | | | X | | | | |
| States must ensure that appraiser education courses are consistent with AQB Criteria. (12 U.S.C. § 3347; Policy Statement 6 A.) | | | | AQB Criteria permits State appraiser regulatory agencies to award no more than 7 hours of CE during a CE cycle to credentialed appraisers who attend a single open appraiser regulatory agency meeting of not less than 2 hours in length where attendance for the required period of time is verified by State staff. The Commission awarded its members 14 hours of CE credit for work performed in service to the Commission during the CE cycle. | On August 17, 2016, the State reported that, effective immediately, the Commission will not grant CE that does not meet AQB Criteria to Commission members under any circumstances.<br><br>The State further responded that all the current Commission members had the requisite hours of CE independent of the granted hours. The only individual to have benefited from the granted hours is deceased. | None | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6. |
| **Enforcement:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |

September 6, 2016

Mr. Joseph Decker, Administrator
Nevada Department of Business & Industry
Real Estate Division
1818 E. College Parkway, Suite 110
Carson City, NV 89706

RE: ASC Compliance Review of Nevada's Appraiser Regulatory Program

Dear Mr. Decker:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nevada appraiser regulatory program (Program) on May 16-18, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The Program has been awarded an ASC Finding of "Excellent." Nevada will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

James R. Park
Executive Director

Attachment
cc: Ms. Brenda Kindred-Kipling, Appraisal Officer

# ASC Finding Descriptions

| ASC Finding | Rating Criteria | Review Cycle* |
|---|---|---|
| Excellent | • State meets all Title XI mandates and complies with requirements of ASC Policy Statements<br>• State maintains a strong regulatory Program<br>• Very low risk of Program failure | 2-year |
| Good | • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements<br>• Deficiencies are minor in nature<br>• State is adequately addressing deficiencies identified and correcting them in the normal course of business<br>• State maintains an effective regulatory Program<br>• Low risk of Program failure | 2-year |
| Needs Improvement | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program<br>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies<br>• State regulatory Program needs improvement<br>• Moderate risk of Program failure | 2-year with additional monitoring |
| Not Satisfactory | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program<br>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing<br>• State regulatory Program has substantial deficiencies<br>• Substantial risk of Program failure | 1-year |
| Poor[1] | • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements<br>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program<br>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies<br>• High risk of Program failure | Continuous monitoring |

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

[1] An ASC Finding of "Poor" may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

# ASC Compliance Review Report

| | | | |
|---|---|---|---|
| ASC Compliance Review Report | | | ASC Finding: Excellent<br>Final Report Issue Date: September 6, 2016 |
| Nevada Appraiser Regulatory Program (State) | | | |
| Nevada Commission of Appraisers of Real Estate (Commission)/Decision Making | PM: K. Klamet | ASC Compliance Review Date: May 16-18, 2016 | Review Period: May 2014 to May 2016 |
| Umbrella Agency: Nevada Real Estate Division | | Number of State Credentialed Appraisers on National Registry: 998 | Review Cycle: Two Year |

| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|---|---|---|---|---|---|---|---|
| | YES | NO | AC | | | | |
| **Statutes, Regulations, Policies and Procedures:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Temporary Practice:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **National Registry:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Application Process:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Reciprocity:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Education:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| **Enforcement:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 14, 2016

Commissioner Ian Harlow
Bureau of Professional and Occupational Affairs
Department of State
One Penn Center
2601 North 3rd Street
Harrisburg, PA 17110

RE: ASC Compliance Review of Pennsylvania's Appraiser Regulatory Program

Dear Commissioner Harlow:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Pennsylvania appraiser regulatory program (Program) on May 10-12, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria.[1]
- States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria.[2]
- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.[3]

ASC staff will confirm appropriate corrective actions have been taken in a Follow-up Review in approximately 12 months. Pennsylvania will remain on a two-year Review Cycle.

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[1] 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.
[2] 12 U.S.C. § 3347; Policy Statement 4 C.
[3] 12 U.S.C. § 3347; Policy Statement 7 B.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

Arthur Lindo

Arthur Lindo
Chairman

Attachment
cc: Mr. D. Thomas Smith, Chair
Ms. Heidy Weirich, Board Administrator
Ms. Jacqueline Wolfgang, Board Counsel
Mr. Ray Michalowski, Senior Prosecutor

# ASC Findings Descriptions

| ASC Finding | Rating Criteria | Review Cycle* |
|---|---|---|
| Excellent | • State meets all Title XI mandates and complies with requirements of ASC Policy Statements<br>• State maintains a strong regulatory Program<br>• Very low risk of Program failure | 2-year |
| Good | • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements<br>• Deficiencies are minor in nature<br>• State is adequately addressing deficiencies identified and correcting them in the normal course of business<br>• State maintains an effective regulatory Program<br>• Low risk of Program failure | 2-year |
| Needs Improvement | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program<br>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies<br>• State regulatory Program needs improvement<br>• Moderate risk of Program failure | 2-year with additional monitoring |
| Not Satisfactory | • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements<br>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program<br>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing<br>• State regulatory Program has substantial deficiencies<br>• Substantial risk of Program failure | 1-year |
| Poor[4] | • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements<br>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program<br>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies<br>• High risk of Program failure | Continuous monitoring |

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

[4] An ASC Finding of "Poor" may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

# ASC Compliance Review Report

| | | | |
|---|---|---|---|
| **ASC Compliance Review Report** | | | **ASC Finding: Needs Improvement**<br>**Final Report Issue Date: September 14, 2016** |
| **Pennsylvania Appraiser Regulatory Program (State)** | | | |
| **State Board of Certified Real Estate Appraisers (Board) / Decision Making** | **PM: C. Brooks** | **ASC Compliance Review Date: May 10-12, 2016** | **Review Period: May 2014 to May 2016** |
| **Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs** | | **Number of State Credentialed Appraisers on National Registry: 3,247** | **Review Cycle: Two Year with Follow-up** |

| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) | | | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | **General Comments** |
|---|---|---|---|---|---|---|---|
| | **YES** | **NO** | **AC** | | | | |
| **Statutes, Regulations, Policies and Procedures:** | | **X** | | | | | |
| States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.) | | | | A review of the State's Statutes and Regulations revealed the following inconsistencies with the AQB Criteria regarding: (1) Trainees; (2) Supervisory appraisers; and (3) Qualifying education.<br><br>AQB Criteria requires Trainees to: complete continuing education (CE) each year; complete qualifying education (QE) within 5 years prior to application; and complete a course specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. Pennsylvania's Statutes and Regulations do not include these requirements.<br><br>AQB Criteria requires Supervisory appraisers to: not have been the subject of discipline affecting their ability to appraise for at least 3 years; hold a certification in the jurisdiction the trainee practices for at least 3 years; and complete a course specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. Pennsylvania's Statutes and Regulations do not include these requirements.<br><br>AQB Criteria requires Certified credential applicants to hold a Bachelor's degree, and effective 1/1/15, does not allow for education "in lieu of" the degree. Pennsylvania regulations require Certified General applicants to hold a Bachelor's degree. However, Pennsylvania regulations only require Certified Residential applicants to hold an Associate degree and allows the degree requirement for both certified credential levels to be satisfied through the completion of specific college level courses "in lieu of" holding a degree.<br><br>In addition, the State had difficulty in pursuing two cases involving applicants who failed to meet AQB Criteria because State laws were not in compliance. | On August 26, 2016, the State responded that House Bill 1270, which included the AQB Criteria requirement that Trainees complete CE, became law effective July 7, 2016.<br><br>The State also advised that it is amending its regulations to adopt AQB Criteria by reference, thereby bringing the remaining issues into compliance. | The State must continue the process to amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with quarterly updates on the progress of the amendments. | Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1. |

| ASC Compliance Review Report | | | | | | | ASC Finding: Needs Improvement<br>Final Report Issue Date: September 14, 2016 |
|---|---|---|---|---|---|---|---|
| **Pennsylvania Appraiser Regulatory Program (State)** | | | | | | | |
| **State Board of Certified Real Estate Appraisers (Board) / Decision Making** | | | | **PM: C. Brooks** | **ASC Compliance Review Date: May 10-12, 2016** | | **Review Period: May 2014 to May 2016** |
| **Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs** | | | | | **Number of State Credentialed Appraisers on National Registry: 3,247** | | **Review Cycle: Two Year with Follow-up** |
| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) | | | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | **General Comments** |
| | **YES** | **NO** | **AC** | | | | |
| **Statutes, Regulations, Policies and Procedures continued:** | X | | | | | | |
| States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.) | | | | Title XI requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State. Pennsylvania's statute does not comply with Title XI. | On August 26, 2016, the State responded that legislation amending the statute to bring it into compliance with Title XI became law, effective July 7, 2016. | None | The State's resolution addresses the concern. |
| **Temporary Practice:** | | | X | | | | |
| States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 5.) | | | | Pennsylvania failed to process requests for temporary practice permits within 5 business days of receipt of a completed application. | On August 26, 2016, the State reported that the temporary practice applications in question had discrepancies and correlating requests for additional information from the State which were not included in the application files. The State has changed its procedures to include copies of all documentation in the application files. | The State should monitor the new procedures for temporary practice permit processing to ensure compliance with Title XI and ASC Policy Statement 2. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2. |
| **Temporary Practice continued:** | X | | | | | | |
| States must recognize on a temporary basis appraiser credentials issued by another State if the property to be appraised is part of a federally related transaction. (12 U.S.C. § 3351; Policy Statement 2.) | | | | Pennsylvania does not offer temporary practice credentials to the licensed appraiser classification. | On August 26, 2016, the State responded that the temporary practice application was updated to extend temporary practice credentials to the licensed appraiser classification. | None | The State's resolution addresses the concern. |
| **National Registry:** | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |

**ASC Compliance Review Report**

ASC Finding: Needs Improvement
Final Report Issue Date: September 14, 2016

**Pennsylvania Appraiser Regulatory Program (State)**

| | | | |
|---|---|---|---|
| State Board of Certified Real Estate Appraisers (Board) / Decision Making | PM: C. Brooks | ASC Compliance Review Date: May 10-12, 2016 | Review Period: May 2014 to May 2016 |
| Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs | | Number of State Credentialed Appraisers on National Registry: 3,247 | Review Cycle: Two Year with Follow-up |

| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) YES | NO | AC | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|---|---|---|---|---|---|---|---|
| **Application Process:** | | X | | | | | |
| States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 C.) | | | | The 2015 Pennsylvania audit of affidavits for CE claimed resulted in a 12% failure rate. | On August 26, 2016, the State reported it will increase the percentage of licensees audited from 2% to 5%; include in the Board's next newsletter an article regarding CE requirements and the licensee's responsibility to verify courses are either AQB or Board approved courses; and update the education provider/course approval application to include a statement indicating courses expire 3 years from the date of approval. The State also will consider software that would permit licensees to upload course completion certificates. | Within 60 days of the date of this Report, the State must provide ASC staff a copy of the newsletter article outlining CE requirements, the revised course approval application and an update on the efforts to obtain software allowing licensees to upload course completion certificates. | Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4. |
| **Reciprocity:** | X | | | | | | |
| States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.) | | | | The State's statutory authority is not consistent with the State's practice or federal requirements. However, in practice, it appears Pennsylvania complies with Title XI concerning reciprocity. | On August 26, 2016, the State responded that legislation amending the statute to bring it into compliance with Title XI became law on July 7, 2016. | None | The State's resolution addresses the concern. |
| **Education:** | | | X | | | | |
| States must ensure that appraiser education courses are consistent with AQB Criteria. (12 U.S.C. § 3347; Policy Statement 6 A.) | | | | Pennsylvania approved education courses with content that appeared to be inconsistent with AQB Criteria for CE. These were non-real property-related courses, and professional organization ethics courses. | On August 26, 2016, the State responded that the Board performed a review of all CE courses approved from May 1, 2014, through May 12, 2016, and identified courses inconsistent with AQB Criteria. The Board is rescinding the approvals in those courses and is giving providers 30 days to respond to the Board's determination. Additionally, the Board appointed 3 professional Board members to serve on a CE Committee which will review all of the courses to ensure future compliance. | None | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6. |

| ASC Compliance Review Report | | | | | | ASC Finding: Needs Improvement<br>Final Report Issue Date: September 14, 2016 |
|---|---|---|---|---|---|---|
| **Pennsylvania Appraiser Regulatory Program (State)** | | | | | | |
| **State Board of Certified Real Estate Appraisers (Board) / Decision Making** | | | | **PM: C. Brooks** | **ASC Compliance Review Date: May 10-12, 2016** | **Review Period: May 2014 to May 2016** |
| **Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs** | | | | | **Number of State Credentialed Appraisers on National Registry: 3,247** | **Review Cycle: Two Year with Follow-up** |

| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|---|---|---|---|---|---|---|---|
| | **YES** | **NO** | **AC** | | | | |
| **Enforcement:** | | **X** | | | | | |
| States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.) | | | | The State had 152 outstanding complaints of which 34 were unresolved for more than 1 year and 33 were unresolved for more than 2 years. Of the aged complaints, 14 were removed under the exemption for special documented circumstances.<br><br>Complaint investigation and resolution has been cited in every Compliance Review conducted for the Program since 2000. | On August 26, 2016, the State advised that it has contracted with an additional appraiser reviewer and will be increasing the prosecutorial resources assigned to handling appraiser and AMC cases by 25% to reduce the backlog and improve efficiency. Additionally, the State is developing a "conditional dismissal" or "private remediation" program and contracting with an experienced appraisal reviewer to implement an internal mediation program for cases that do not qualify for conditional dismissal/private remediation. The State also reported on its efforts to add additional qualified appraisal reviewers to the State's current roster of contracted reviewers. | The State must continue to develop and monitor its revised processes to ensure timely processing of complaints to reduce the backlog of aged complaints, and to ensure that the complaints of appraiser misconduct or wrongdoing are resolved on a timely basis as required by ASC Policy Statement 7.<br><br>The State must continue to submit complaint logs and provide updates on the progress of its plan to reduce the backlog of aged complaints to ASC staff quarterly. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State. | Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7. |

Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 21, 2016

Ms. Marcia Hultman, Secretary
Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

RE: ASC Compliance Review of South Dakota's Appraiser Regulatory Program

Dear Ms. Hultman:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the South Dakota appraiser regulatory program (Program) on August 15-17, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Excellent." South Dakota will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

James R. Park
Executive Director

Attachment
cc: Ms. Sherry Bren, Executive Director

# ASC Finding Descriptions

<table>
<tr><th>ASC Finding</th><th>Rating Criteria</th><th>Review Cycle*</th></tr>
<tr><td>Excellent</td><td><ul><li>State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li><li>State maintains a strong regulatory Program</li><li>Very low risk of Program failure</li></ul></td><td>2-year</td></tr>
<tr><td>Good</td><td><ul><li>State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li><li>Deficiencies are minor in nature</li><li>State is adequately addressing deficiencies identified and correcting them in the normal course of business</li><li>State maintains an effective regulatory Program</li><li>Low risk of Program failure</li></ul></td><td>2-year</td></tr>
<tr><td>Needs Improvement</td><td><ul><li>State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li><li>Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li><li>State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li><li>State regulatory Program needs improvement</li><li>Moderate risk of Program failure</li></ul></td><td>2-year with additional monitoring</td></tr>
<tr><td>Not Satisfactory</td><td><ul><li>State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li><li>Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li><li>State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li><li>State regulatory Program has substantial deficiencies</li><li>Substantial risk of Program failure</li></ul></td><td>1-year</td></tr>
<tr><td>Poor[1]</td><td><ul><li>State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li><li>Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li><li>State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li><li>High risk of Program failure</li></ul></td><td>Continuous monitoring</td></tr>
</table>

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

[1] An ASC Finding of "Poor" may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

| ASC Compliance Review Report | | | | | | | | ASC Finding: Excellent<br>Final Report Issue Date: September 21, 2016 |
|---|---|---|---|---|---|---|---|---|
| South Dakota Appraiser Regulatory Program (State) | | | | | | | | |
| Appraiser Certification Program Advisory Council (Council) / Advisory | | | | PM: N. Fenochietti | ASC Compliance Review Date: August 15-17, 2016 | | | Review Period: August 2014 to August 2016 |
| Umbrella Agency: Department of Labor & Regulation | | | | | Number of State Credentialed Appraisers on National Registry: 362 | | | Review Cycle: Two Year |
| **Applicable Federal Citations** | Compliance (YES/NO) Areas of Concern (AC) | | | **ASC Staff Observations** | **State Response** | **Required/Recommended State Actions** | | **General Comments** |
| | **YES** | **NO** | **AC** | | | | | |
| **Statutes, Regulations, Policies and Procedures:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **Temporary Practice:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **National Registry:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **Application Process:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **Reciprocity:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **Education:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |
| **Enforcement:** | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | | None |

## State Program Summary Report

| State or Territory | AL | | AK | | AZ | | AR | | CA | | CO | | CT | | DE | | DC | | FL | | GA | | GU | | HI | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Review Year | 2016 | | 2015 | | 2016 | | 2016 | | 2016 | | 2014 | | 2016 | | 2015 | | 2015 | | 2015 | | 2016 | | 2015 | | 2015 | |
| Review Month | Jan | | Jul | | Jun | | Mar | | Oct | | Sep | | Jun | | Jan | | Mar | | Feb | | Mar | | Nov | | Dec | |
| ASC Finding | Good | | Good | | Excel | | Good | | Excel | | Excel | | Good | | Good | | Good | | Good | | Excel | | Good | | Good | |
| Review Cycle Assigned (in years) | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | |
| Required State Actions or Off Site Monitoring | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Follow-Up ( in months) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Out of Compliance (OC)<br>Area of Concern (AC) | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC |
| Statutes, Regulations, Policies and Procedures: | | 1 | 1 | | | | 1 | | | | | | | | | 1 | | 1 | | 1 | | | 2 | 1 | 2 | |
| Temporary Practice: | | | | | | | | | | | | | | 1 | | | | | | | | | | | | |
| National Registry: | | | | | | | | | | | | | | 1 | | | | 1 | | | | | | | | |
| Application Process: | | | | | | | | | | | | | | 3 | 1 | | | | | | | | | 1 | | |
| Reciprocity: | | | | | | | | | | | | | | | | | | | | 1 | | | | 1 | | |
| Education: | | | | | | | | | | | | | | 1 | | 1 | | | | | | | | | | |
| Enforcement | | 1 | | | | | | | | | | | | | | 2 | | | | | | | | 1 | | |
| TOTAL OUT OF COMPLIANCE | - | | 1 | | - | | 1 | | - | | - | | - | | 1 | | - | | - | | - | | 2 | | 2 | |
| TOTAL AREA OF CONCERN | 2 | | - | | - | | - | | - | | - | | 6 | | 4 | | 2 | | 2 | | - | | 4 | | - | |
| Last Review Finding | Good (2014) | | Not Sat (2014) | | Exel (2014) | | Good (2014) | | Good (2014) | | ISC (2012) | | Good (2014) | | NISC (2013) | | NISC (2013) | | ISC (2013) | | Needs Imp (2014) | | Needs Imp (2013) | | Good (2013) | |
| Previous Review Finding | NISC (2012) | | NISC (2013) | | NISC (2012) | | NISC (2012) | | NISC (2012) | | ISC (2010) | | ISC (2012) | | ISC (2011) | | ISC (2011) | | NISC (2011) | | ISC (2012) | | ISC (2007) | | NISC (2011) | |
| FTE | 6.3 | | 0.57 | | 3.6 | | 2.9 | | 30.9 | | 9 | | 1.46 | | 0.55 | | 0.9 | | 9.5 | | 5.4 | | 0.14 | | 0.95 | |
| Independent or Under Umbrella (I/UU) | I | | UU | | UU | | I | | UU | | UU | | UU | | UU | | UU | | UU | | I | | UU | | UU | |
| Board Type | Decision | | Decision | | None | | Decision | | None | | Decision | | Decision | | Decision | | Decision | | Decision | | Decision | | None | | Advisory | |
| # Credentials on National Registry | 1,310 | | 246 | | 2,045 | | 815 | | 10,416 | | 2,676 | | 1,272 | | 599 | | 704 | | 6,832 | | 3,445 | | 21 | | 520 | |
| # Trainees | 113 | | 18 | | 75 | | 142 | | 528 | | n/a | | 68 | | 41 | | 40 | | 615 | | 20 | | 3 | | n/a | |
| Complaints Received in Review Cycle | 57 | | 11 | | 206 | | 68 | | 547 | | 273 | | 90 | | 21 | | 11 | | 482 | | 178 | | 0 | | 21 | |
| Complaints Outstanding | 24 | | 2 | | 20 | | 7 | | 103 | | 44 | | 22 | | 5 | | 4 | | 103 | | 51 | | 0 | | 3 | |
| Complaints Outstanding Over 1 Year (No SDC) | 4 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 2 | | 0 | | 0 | | 0 | | 0 | | 0 | |
| Special Documented Circumstances (SDC) | 0 | | 0 | | 0 | | 1 | | 2 | | 11 | | 0 | | 0 | | 1 | | 3 | | 4 | | 0 | | N/A | |
| AMC Laws and Regulations | Yes | | No | | Yes | | Yes | | Yes | | Yes | | Yes | | Yes | | No | | Yes | | Yes | | No | | No | |

Legend: NISC = Not in Substanial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

# State Program Summary Report

| State or Territory | ID | | IL | | IN | | IA | | KS | | KY | | LA | | ME | | CNMI | | MD | | MA | | MI | | MN | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Review Year | 2015 | | 2015 | | 2015 | | 2015 | | 2015 | | 2015 | | 2016 | | 2015 | | 2015 | | 2016 | | 2016 | | 2014 | | 2014 | |
| Review Month | Apr | | Sep | | Feb | | Jul | | Oct | | Mar | | Feb | | Jun | | Nov | | Apr | | May | | Sep | | Jul | |
| ASC Finding | Good | | Needs Imp | | Needs Imp | | Excel | | Excel | | Excel | | Good | | Good | | Needs Imp | | Good | | Needs Imp | | Good | | Good | |
| Review Cycle Assigned (in years) | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | | | 2 | | | | 2 | | 2 | |
| Required State Actions or Off Site Monitoring | | | Yes | | Yes | | | | | | | | | | | | Yes | | | | Yes | | | | | |
| Follow-Up ( in months) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Out of Compliance (OC)<br>Area of Concern (AC) | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC |
| Statutes, Regulations, Policies and Procedures: | | | 1 | | | | | | | | | | | 2 | | | 2 | | | 1 | | 1 | 1 | | | |
| Temporary Practice: | | | | | 1 | | | | | | | | | | | | | | | | | 1 | | | | |
| National Registry: | | | | 2 | | 3 | | | | | | | | | | | | | | | | | | | | |
| Application Process: | | 1 | | | 1 | | | | | | | | 1 | | | 1 | | 1 | | | | 1 | | 1 | | 1 |
| Reciprocity: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Education: | | | | | | | | | | | | | | | | | | | | | | | | 1 | | |
| Enforcement | | | 1 | | | | | | | | | | | | | | | 1 | | | 1 | | 1 | | | |
| TOTAL OUT OF COMPLIANCE | - | | 2 | | 2 | | - | | - | | - | | 1 | | - | | 2 | | - | | 1 | | 2 | | - | |
| TOTAL AREA OF CONCERN | 1 | | 2 | | 3 | | - | | - | | - | | 2 | | 1 | | 2 | | 1 | | 3 | | 2 | | 1 | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Last Review Finding** | NISC (2013) | Needs Imp (2013) | ISC (2013) | Excel (2013) | Excel (2013) | ISC (2013) | Good (2014) | Excel (2013) | Needs Imp (2013) | Good (2014) | Needs Imp (2014) | NISC (2012) | NISC (2012) |
| **Previous Review Finding** | NISC (2011) | NIC (2011) | NISC (2011) | ISC (2011) | NISC (2011) | ISC (2011) | NISC (2012) | ISC (2011) | ISC (2007) | NISC (2012) | NISC (2012) | NISC (2010) | ISC (2010) |
| **FTE** | 0.1 | 2.8 | 1.8 | 0.85 | 2 | 3.45 | 3.3 | 1.5 | 0.3 | 3.6 | 2.35 | 4.37 | 2.6 |
| **Independent or Under Umbrella (I/UU)** | UU | UU | UU | UU | I | Indep. | UU | UU | UU | UU | UU | UU | UU |
| **Board Type** | Decision | Advisory | Decision | Decision | Decision | Decision | Decision | Decision | Decision | Decision | Decision | Decision - Enf | None |
| **# Credentials on National Registry** | 699 | 4,046 | 2,155 | 1,095 | 993 | 1,397 | 1,337 | 563 | 9 | 2,322 | 2,103 | 2,671 | 2,093 |
| **# Trainees** | 35 | 548 | 127 | 115 | 11 | 203 | 159 | 29 | 0 | 210 | 200 | 369 | 312 |
| **Complaints Received in Review Cycle** | 46 | 429 | 127 | 57 | 31 | 105 | 33 | 70 | 0 | 104 | 214 | 396 | 442 |
| **Complaints Outstanding** | 13 | 119 | 66 | 7 | 7 | 23 | 4 | 17 | 0 | 17 | 39 | 71 | 66 |
| **Complaints Outstanding Over 1 Year (No SDC)** | 2 | 34 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 9 | 5 |
| **Special Documented Circumstances (SDC)** | 0 | 1 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 1 | 4 | 2 | 5 |
| **AMC Laws and Regulations** | No | Yes | Yes | No | Yes | Yes | Yes | No | No | Yes | No | Yes | Yes |

Legend: NISC = Not in Substanial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

# State Program Summary Report

| State or Territory | MS | | MO | | MT | | NE | | NV | | NH | | NJ | | NM | | NY | | NC | | ND | | OH | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Review Year** | 2015 | | 2016 | | 2015 | | 2015 | | 2016 | | 2015 | | 2014 | | 2015 | | 2015 | | 2014 | | 2016 | | 2015 | |
| **Review Month** | Jun | | Jun | | Sep | | Mar | | May | | May | | Sep | | Apr | | Aug | | Nov | | Jun | | Aug | |
| **ASC Finding** | Needs Imp | | Excel | | Good | | Good | | Excel | | Excel | | Needs Imp | | Good | | Needs Imp | | Excel | | Excel | | Excel | |
| **Review Cycle Assigned (in years)** | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | |
| **Required State Actions or Off Site Monitoring** | Yes | | | | | | | | | | | | Yes | | | | Yes | | | | | | | |
| **Follow-Up ( in months)** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Out of Compliance (OC)<br>Area of Concern (AC)** | OC | AC | OC | | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC |
| **Statutes, Regulations, Policies and Procedures:** | | 4 | | | | | | 3 | | | | | | 1 | 1 | | | 1 | | | | | | |
| **Temporary Practice:** | | | | | | | | | | | | | | | | | | | | | | | | |
| **National Registry:** | | | | | | | | | | | | | | 1 | | | | | | | | | | |
| **Application Process:** | 1 | | | | | | | | | | | | 2 | | | | 1 | 2 | | | | | | |
| **Reciprocity:** | | | | | | | | 1 | | | | | | | | | | | | | | | | |
| **Education:** | | | | | | | | | | | | | 1 | | | | | | | | | | | |
| **Enforcement** | | | | | | 1 | | | | | | | 1 | | | | | | | | | | | |
| **TOTAL OUT OF COMPLIANCE** | 1 | | - | | - | | - | | - | | - | | 4 | | 1 | | 1 | | - | | - | | - | |
| **TOTAL AREA OF CONCERN** | 4 | | - | | 1 | | 4 | | - | | - | | 2 | | - | | 3 | | - | | - | | - | |
| **Last Review Finding** | ISC (2013) | | Good (2014) | | Needs Imp (2013) | | Good (2013) | | Good (2014) | | Good (2013) | | NISC (2012) | | Good (2013) | | Needs Imp (2013) | | ISC (2012) | | Good (2014) | | Good (2013) | |
| **Previous Review Finding** | ISC (2011) | | NISC (2012) | | NISC (2012) | | ISC (2011) | | NISC (2012) | | ISC (2011) | | NISC (2010) | | NISC (2009) | | NISC (2011) | | ISC (2010) | | ISC (2012) | | ISC (2011) | |
| **FTE** | 3.33 | | 2 | | 2.7 | | 1.6 | | 1.5 | | 2.4 | | 6.5 | | 3.95 | | 5.5 | | 10 | | 1.5 | | 8.85 | |
| **Independent or Under Umbrella (I/UU)** | UU | | UU | | UU | | I | | UU | | UU | | UU | | UU | | UU | | I | | I | | UU | |
| **Board Type** | Decision | | Decision | | Decision | | Decision | | Decision | | Decision | | Decision | | Decision | | Reg. Decision | | Decision | | Decision | | Decision | |
| **# Credentials on National Registry** | 1,111 | | 2,134 | | 371 | | 657 | | 998 | | 782 | | 2,772 | | 618 | | 4,063 | | 3,127 | | 283 | | 3,061 | |
| **# Trainees** | 53 | | 107 | | 24 | | 54 | | 65 | | 17 | | 128 | | 84 | | 451 | | 404 | | 34 | | 318 | |
| **Complaints Received in Review Cycle** | 73 | | 86 | | 119 | | 31 | | 84 | | 22 | | 146 | | 41 | | 127 | | 272 | | 27 | | 253 | |
| **Complaints Outstanding** | 8 | | 10 | | 22 | | 9 | | 31 | | 1 | | 41 | | 15 | | 50 | | 55 | | 15 | | 69 | |
| **Complaints Outstanding Over 1 Year (No SDC)** | 0 | | 0 | | 3 | | 0 | | 0 | | 0 | | 7 | | 0 | | 1 | | 3 | | 0 | | 1 | |
| **Special Documented Circumstances (SDC)** | 2 | | 3 | | 7 | | 5 | | 4 | | 0 | | 6 | | 3 | | 2 | | 0 | | 6 | | 8 | |
| **AMC Laws and Regulations** | Yes | | Yes | | Yes | | Yes | | Yes | | Yes | | No | | Yes | | No | | Yes | | Yes | | No | |

Legend: NISC = Not in Substanial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

## State Program Summary Report

| State or Territory | OK | | OR | | PA | | PR | | RI | | SC | | SD | | TN | | TX | | UT | | VT | | VI | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Review Year** | 2015 | | 2016 | | 2016 | | 2015 | | 2015 | | 2015 | | 2016 | | 2015 | | 2016 | | 2015 | | 2014 | | 2014 | |
| **Review Month** | Oct | | Jul | | May | | Dec | | Oct | | May | | Aug | | Jan | | Feb | | May | | Aug | | Nov | |
| **ASC Finding** | Good | | Excel | | Needs Imp | | Good | | Needs Imp | | Needs Imp | | Excel | | Excel | | Excel | | Good | | Good | | Needs Imp | |
| **Review Cycle Assigned (in years)** | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | | 2 | |
| **Required State Actions or Off Site Monitoring** | | | | | Yes | | | | Yes | | Yes | | | | | | | | | | | | Yes | |
| **Follow-Up ( in months)** | | | | | 12 | | | | | | | | | | | | | | | | | | 12 | |
| **Out of Compliance (OC) Area of Concern (AC)** | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC |
| **Statutes, Regulations, Policies and Procedures:** | 1 | | | | 1 | | | 1 | | | 1 | | | | | | | | | | | | 3 | 1 |
| **Temporary Practice:** | | | | | | 1 | | | | | | | | | | | | | | | | | 1 | |
| **National Registry:** | | | | | | | | | | | | | | | | | | | | | | 1 | | 2 |
| **Application Process:** | | | | | 1 | | | 1 | 1 | | 3 | | | | | | | | | | | | | |
| **Reciprocity:** | | | | | | | | | | | | | | | | | | | | | | | | 1 |
| **Education:** | | | | | | 1 | | | | | | | | | | | | | | | | | | |
| **Enforcement** | | | | | 1 | | | | | | | 1 | | | | | | | | 1 | | | 1 | |
| **TOTAL OUT OF COMPLIANCE** | 1 | | - | | 3 | | - | | 1 | | 4 | | - | | - | | - | | - | | - | | 5 | |
| **TOTAL AREA OF CONCERN** | - | | - | | 2 | | 2 | | - | | 1 | | - | | - | | - | | 1 | | 1 | | 4 | |
| **Last Review Finding** | Excel (2013) | | Good (2014) | | Needs Imp (2014) | | Good(2013) | | Good (2013) | | ISC (2013) | | Good (2014) | | ISC (2013) | | Good (2014) | | NISC (2013) | | NISC (2012) | | NISC (2012) | |
| **Previous Review Finding** | ISC (2011) | | ISC (2012) | | NISC (2012) | | ISC (2012) | | ISC (2011) | | ISC (2011) | | ISC (2012) | | ISC (2011) | | NISC (2012) | | NISC (2011) | | NISC (2010) | | NISC (2010) | |
| **FTE** | 3.75 | | 4.4 | | 3.5 | | 0.2 | | 1.05 | | 2.8 | | 2 | | 4.75 | | 11.9 | | 4.95 | | 0.26 | | 1 | |
| **Independent or Under Umbrella (I/UU)** | I - adjunct | | I | | UU | | UU | | UU | | UU | | UU | | UU | | UU | | UU | | UU | | UU | |
| **Board Type** | Decision | | Decision | | Decision | | Decision | | Decision | | Decision | | Advisory | | Decision | | Decision | | Decision | | Decision | | Decision | |
| **# Credentials on National Registry** | 990 | | 1,475 | | 3,247 | | 382 | | 462 | | 2,129 | | 362 | | 1,886 | | 5,246 | | 1,246 | | 292 | | 23 | |
| **# Trainees** | 83 | | 80 | | 327 | | n/a | | 29 | | 132 | | 53 | | 225 | | 787 | | 85 | | 20 | | n/a | |
| **Complaints Received in Review Cycle** | 108 | | 127 | | 292 | | 9 | | 6 | | 99 | | 9 | | 109 | | 484 | | 134 | | 20 | | 2 | |
| **Complaints Outstanding** | 39 | | 80 | | 152 | | 3 | | 0 | | 21 | | 6 | | 22 | | 155 | | 52 | | 10 | | 3 | |
| **Complaints Outstanding Over 1 Year (No SDC)** | 0 | | 0 | | 53 | | 0 | | 0 | | 7 | | 0 | | 1 | | 0 | | 6 | | 1 | | 1 | |
| **Special Documented Circumstances (SDC)** | 0 | | 5 | | 14 | | 0 | | 0 | | 0 | | 1 | | 1 | | 6 | | 16 | | 1 | | 1 | |
| **AMC Laws and Regulations** | Yes | | Yes | | Yes | | No | | No | | No | | Yes | | Yes | | Yes | | Yes | | Yes | | No | |

Legend: NISC = Not in Substanial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

## State Program Summary Report

| State or Territory | VA | | WA | | WV | | WI | | WY | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Review Year | 2015 | | 2016 | | 2014 | | 2015 | | 2015 | | # Excel | 18 |
| Review Month | Aug | | May | | Dec | | Jun | | Sep | | # Good | 24 |
| ASC Finding | Needs Imp | | Excel | | Needs Imp | | Good | | Good | | Imp | 13 |
| Review Cycle Assigned (in years) | 2 | | 2 | | 2 | | 2 | | 2 | | # Not Sat | 0 |
| Required State Actions or Off Site Monitoring | Yes | | | | Yes | | | | | | # Poor | 0 |
| Follow-Up ( in months) | 6 | | | | | | | | | | | |
| Out of Compliance (OC)<br>Area of Concern (AC) | OC | AC | OC | AC | OC | AC | OC | AC | OC | AC | OC TOTAL | AC TOTAL |
| Statutes, Regulations, Policies and Procedures: | | | | | | 2 | | | 1 | 1 | 18 | 23 |
| Temporary Practice: | | | | | | | | | | | 2 | 3 |
| National Registry: | | | | | | | | | | | 0 | 11 |
| Application Process: | 1 | 1 | | | | | | 1 | | 1 | 13 | 16 |
| Reciprocity: | | | | | | | | | | | 0 | 4 |
| Education: | | | | | | | | | | | 1 | 4 |
| Enforcement | 1 | 1 | | | 2 | | 1 | | | | 10 | 9 |
| TOTAL OUT OF COMPLIANCE | | 2 | | - | | 2 | | 1 | | 1 | 44 | |
| TOTAL AREA OF CONCERN | | 2 | | - | | 2 | | 1 | | 2 | | 70 |

| State or Territory | VA | WA | WV | WI | WY |
|---|---|---|---|---|---|
| Last Review Finding | ISC (2013) | Excel (2014) | NISC (2012) | Needs Imp (2013) | Good (2013) |
| Previous Review Finding | ISC (2011) | NISC (2012) | ISC (2010) | NISC (2011) | NISC (2011) |
| FTE | 1.75 | 8 | 2.55 | 3.35 | 1.42 |
| Independent or Under Umbrella (I/UU) | UU | UU | I | UU | UU |
| Board Type | Decision | Advisory | Decision | Decision | Decision |
| # Credentials on National Registry | 3,387 | 2,603 | 571 | 2,162 | 337 |
| # Trainees | 71 | 192 | 36 | n/a | 23 |
| Complaints Received in Review Cycle | 190 | 164 | 36 | 134 | 8 |
| Complaints Outstanding | 41 | 37 | 11 | 91 | 4 |
| Complaints Outstanding Over 1 Year (No SDC) | 2 | 0 | 2 | 51 | 0 |
| Special Documented Circumstances (SDC) | 0 | 1 | 2 | 0 | 0 |
| AMC Laws and Regulations | Yes | Yes | Yes | No | Yes |

Legend: NISC = Not in Substanial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

Fannie Mae

# News Release

October 24, 2016

## Fannie Mae Announces Day 1 Certainty Initiative

### Underwriting Innovations Reduce Risk and Deliver Speed, Simplicity, and Certainty to the Mortgage Process

Pete Bakel

**202-752-2034**

BOSTON, MA – Fannie Mae (FNMA/OTC) today announced the launch of ground-breaking Day 1 Certainty™, a new initiative to provide its customers with freedom from representations and warranties on key aspects of the mortgage origination process.

As part of Day 1 Certainty, Fannie Mae is offering income, assets, and employment validation services to lenders through its leading mortgage underwriting system, Desktop Underwriter® (DU®). In addition, Fannie Mae will provide freedom from representations and warranties on appraised values through Collateral Underwriter® and enhanced waivers of property inspection requirements on refinances. Together, these innovations deliver greater speed, simplicity, and certainty to lenders and borrowers. They also bring stronger risk management and promote greater digitization of data and processes to the mortgage industry.

"Day 1 Certainty is a major step forward in helping our customers transform the mortgage origination process," said Timothy J. Mayopoulos, president and chief executive officer, Fannie Mae. "Ultimately, we want our customers to have the confidence to lend, so that more qualified borrowers have access to affordable mortgage credit. We will continue to listen to our customers and partner with them to deliver innovative solutions that address the nation's most important housing challenges. We aim to be America's most valued housing partner and today – with Day 1 Certainty – I am proud of the positive change we're making for our customers and the housing finance system."

Benefits of Day 1 Certainty:

**Desktop Underwriter Validation Services for Income, Assets, and Employment:**

- Provides Fannie Mae customers with tools to reduce risk and improve the experience they provide to borrowers in the primary market. DU validation services give lenders certainty on Day 1 that they will receive freedom from representations and warranties for income, assets, and employment information validated through DU.
- Validates the loan application data up-front and gives lenders faster and easier verification of key loan data components.
- Gives lenders the ability to offer their borrowers a dramatically better mortgage experience. Borrowers will be able to save time by using electronic data versus collecting documents such as paystubs, bank statements, and investment account statements.
- Income validation is available today. Asset and employment validation will be available on December 10, 2016.

**Collateral Underwriter for Greater Certainty:**

- Provides Fannie Mae lenders Day 1 Certainty on appraised values.
- When a property receives a qualifying score through Collateral Underwriter, customers can be certain they will receive representation and warranty relief for the appraised value of the property.
- Enables lenders to focus more of their attention on high-risk appraisals. It also makes the process more efficient for appraisers due to fewer underwriter requests for correction and clarification.

- Collateral Underwriter freedom from representation and warranty for appraised value starts on December 10, 2016.

**Enhanced Property Inspection Waiver:**

- Offers customers, who use Desktop Underwriter, eligibility for a waiver of Fannie Mae's property inspection requirement for many refinance transactions. When a waiver offer is issued and accepted by the lender, they have Day 1 Certainty that they will receive representation and warranty relief on property value, condition, and marketability.
- Shortens the origination process and reduces loan origination costs making it easier for lenders to do business and making the process easier for borrowers.
- Enhanced Property Inspection Waiver for all lenders starts December 10, 2016.

To learn more,visit www.fanniemae.com/Day1Certainty.

*Fannie Mae helps make the 30-year fixed-rate mortgage and affordable rental housing possible for millions of Americans. We partner with lenders to create housing opportunities for families across the country. We are driving positive changes in housing finance to make the home buying process easier, while reducing costs and risk. To learn more, visit fanniemae.com and follow us on twitter.com/fanniemae.*

Appraisal Institute®

*Professionals Providing Real Estate Solutions*

# U.S. Appraiser Population Estimates

2006 – 2016, As of June 30, 2016

# About the Appraisal Institute

The Appraisal Institute is a global professional association of real estate appraisers, with nearly 20,000 professionals in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws. Individuals of the Appraisal Institute benefit from an array of professional education and advocacy programs, and may hold the prestigious MAI, SRPA, SRA, AI-GRS and AI-RRS designations.

# Methodology

- The source of the data for this report is the Appraisal Subcommittee (ASC) National Registry of Real Estate Appraisers. The data is available for download by the public. Therefore, it is in the public domain and not confidential.
- ASC National Registry archives information on state licensed and certified appraisers; it does not archive unlicensed trainee information. The database contains records of both active and inactive (former) real estate appraisers.
- The Appraisal Institute analyzes the active appraiser portion of the ASC Registry each quarter. The Appraisal Institute uses well-established data mining techniques for removing duplicate or incomplete records on a state-by-state basis. The analysis also identifies appraisers who hold licenses or certifications in multiple states.
- The accuracy of the resulting estimates is 99 percent.

# U.S. Appraiser Population
As of June 30, 2016

Appraisal Institute®
*Professionals Providing Real Estate Solutions*

## Trend

- The Appraisal Institute has analyzed ASC National Registry data since 2006 using consistent methodology. The long-term trend is one of decline in the number of licensed and certified real estate appraisers in the U.S., with decreases of nearly 3.0 percent annually. (As of June 2016, the total number of active appraisers decreased 22.7 percent compared to the 2007 peak year-end.) A broader analysis, considering these facts and other AI research, suggests the current trend could continue, with the number of appraisers decreasing at a comparable or higher annual rate over the next 5 to 10 years primarily because:
  - Age demographics resulting in a high rate of retirements.
  - Fewer people entering the real estate valuation profession as evidenced by a dramatic decrease in the number of first-time license and certification test takers.
  - Appraisers may leave the profession due to challenging or uncertain business conditions and more government regulation.
  - Wider use of alternative valuation technologies may displace some appraisers.
  - A potential oversupply of residential appraisers (more than two-thirds of all appraisers focus primarily on the residential sector).

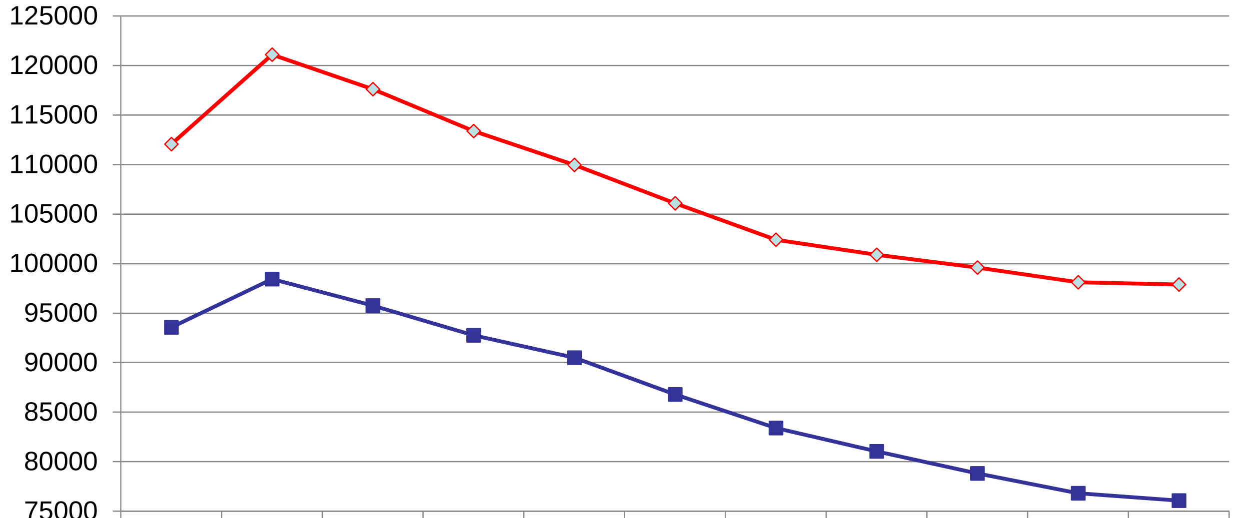
# U.S. Appraiser Population

## As of June 30, 2016

Appraisal Institute®

*Professionals Providing Real Estate Solutions*

### Total Licenses, Certifications, and Number of Appraisers




| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Jun-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Active Licenses/Certifications | 112050 | 121100 | 117600 | 113400 | 109950 | 106100 | 102400 | 100900 | 99600 | 98100 | 97900 |
| Actual Number of Appraisers | 93575 | 98450 | 95750 | 92750 | 90500 | 86800 | 83400 | 81050 | 78800 | 76800 | 76075 |
| Percent Change in Actual Number | | 5.2% | -2.7% | -3.1% | -2.4% | -4.1% | -3.9% | -2.8% | -2.8% | -2.5% | -0.9% |

As of June 30, 2016, the total number of real estate appraiser licenses/certifications decreased by 0.2 percent from year-end 2015. Comparatively, the actual number of active appraisers decreased 0.9 percent for the same period. As of June 30, 2016, the actual number of appraisers decreased 22.7 percent from the peak year-end 2007 level.

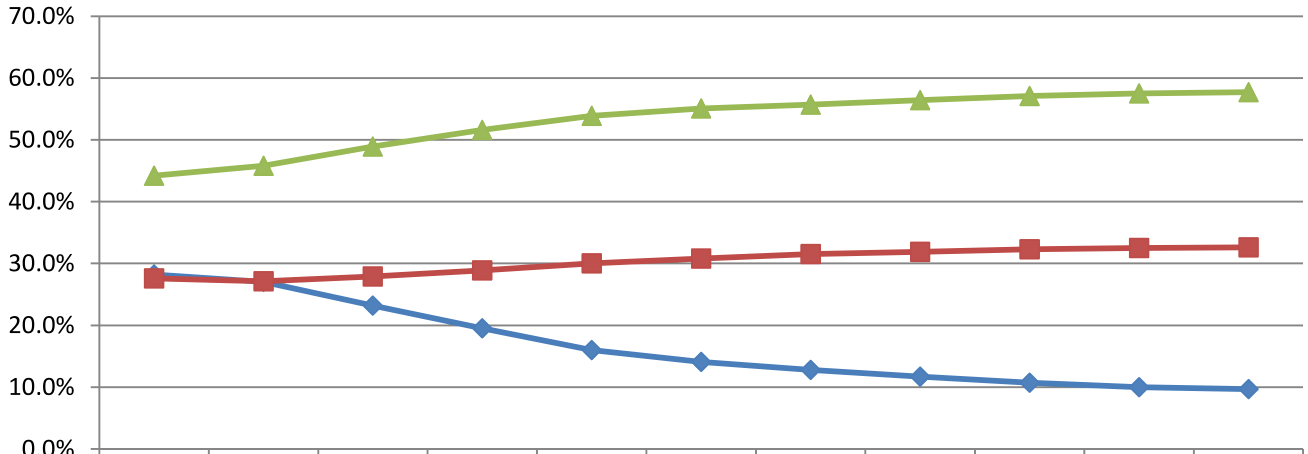
# U.S. Appraiser Population

As of June 30, 2016

Appraisal Institute®

*Professionals Providing Real Estate Solutions*

**Proportion of U.S. Appraisers Licensed or Certified**




| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Jun-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Licensed | 28.2% | 27.0% | 23.2% | 19.5% | 16.0% | 14.1% | 12.8% | 11.7% | 10.7% | 10.0% | 9.7% |
| Certified General | 27.6% | 27.1% | 27.9% | 28.9% | 30.0% | 30.8% | 31.5% | 31.9% | 32.3% | 32.5% | 32.6% |
| Certified Residential | 44.2% | 45.8% | 48.9% | 51.6% | 53.9% | 55.1% | 55.7% | 56.4% | 57.1% | 57.5% | 57.7% |

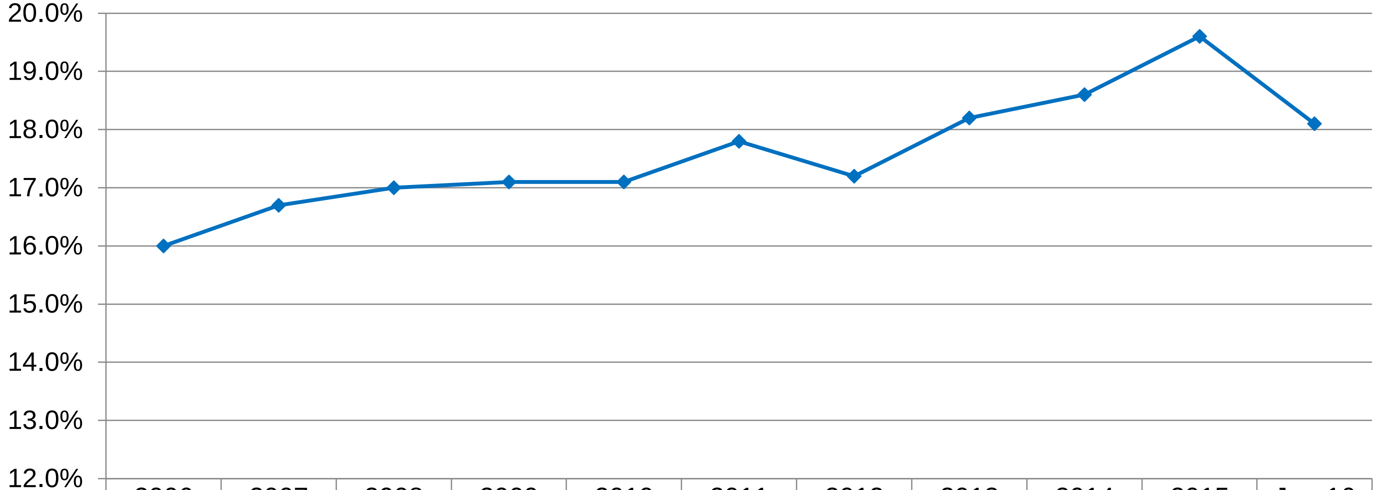
As of June 30, 2016, the proportion of Licensed real estate appraisers experienced a minimal decrease while the proportions of Certified Residential and Certified General increased slightly, compared to year-end 2015. The shrinking proportion of Licensed appraisers reflects the overall decrease in the number of trainees and the normal progression from licensed to certified status.

# U.S. Appraiser Population

As of June 30, 2016

Appraisal Institute®
*Professionals Providing Real Estate Solutions*

## Proportion of U.S. Appraisers Licensed or Certified in Multiple States




| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Jun-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Licensed/Certified in Other States | 16.0% | 16.7% | 17.0% | 17.1% | 17.1% | 17.8% | 17.2% | 18.2% | 18.6% | 19.6% | 18.1% |

As of June 30, 2016, 18.1 percent of real estate appraisers held a license or certification in one or more states/U.S. territories outside their home states/territories.

End of Report

The Washington Post

Real Estate

# Need an appraisal right away? It may cost more than you'd expect.

By Kenneth R. Harney September 14

There's trouble brewing in appraiserville, and it's beginning to cost home buyers money. If you're planning to buy in the coming months, be aware.

The problem is part work overload, part resentment over fees. In many markets, diminishing numbers of experienced appraisers are available — and willing — to handle requests for their work on tight timetables and at fees sometimes lower than they earned a decade or more ago.

The net result: The system is getting gummed up. Scheduled home-sale settlements are being delayed because banks and appraisal-management companies can't find appraisers who will do valuations on timetables needed for closing dates in realty contracts. A recent survey of agents by the National Association of Realtors found that appraisal problems were connected with 27 percent of delayed closings, up from 16 percent earlier this year.

In some cases, panicked lenders and management companies are offering appraisers fat bonuses and "rush fees" to meet deadlines. The extra charges can range from $200 to $1,000 or more, turning $500 appraisals into $1,200 or $1,500 expenses, which typically get paid by home buyers.

Take this example provided to me by a mortgage broker in the Seattle area.

Matt Culp, owner of Bainbridge Lending Group, says clients who urgently needed to close on a newly built house — and to move out of their rented dwelling — were squeezed into paying $2,000 for an appraisal that normally would cost $625.

An appraisal-management company had said that the quickest the valuation could be delivered was Oct. 6, weeks after the clients' hoped-for closing date. Waiting that long, however, would have cost them their favorable rate lock on a mortgage and forced them to pay another month's rent. When Culp inquired about a rush fee, the appraiser asked for $2,000 — $1,375 more than the earlier quote. For the extra money, the appraiser would put Culp's clients at the top of the to-do list. The buyers agreed. The extra $1,375, charged to the buyers' credit card in advance, was "extortion," Culp told me. But it was less expensive than the alternatives.

Here's another example, this time from the perspective of an appraisal-management company.

Brian C. Coester, chief executive of Coester Valuation Management Services in Rockville, said that a lender in Nashville recently was willing to pay appraisers $1,100 for work that normally would have cost less than half that much. But the lender still had difficulty finding takers.

Like other management companies, Coester's firm helps lenders link up with appraisers around the country. For its services, it takes a piece of the appraisal fee. Appraisers have complained for several years that management companies are a big part of the problem because they pay low fees to the appraiser and pocket 25 to 30 percent or more of what home buyers are charged. In addition, they have unreasonable expectations about how quickly appraisers can churn out reports.

Executives such as Coester deny that they underpay appraisers and instead suggest that there is an underlying shortage of appraisers caused in part by the aging of members of the profession, by tougher qualifications and regulations, and by fewer recruits coming in to replace them.

The Appraisal Institute, the profession's largest trade group, confirms that there are fewer appraisers active today than in previous years: The ranks are down by 22 percent since 2007, to 76,800 as of the end of 2015. But J. Scott Robinson, president of the group, told me one of the key reasons for the dwindling numbers is that management companies and lenders aren't paying adequate fees to retain experienced appraisers or attract newcomers.

Jonathan Miller, a prominent New York-based appraiser, wrote in a recent blog that "there is no shortage of appraisers. There is a shortage of appraisers willing to work for half the market rate," which is what he believes many appraisers get when they work for management companies as opposed to directly dealing with banks.

Whatever the causes — whether there is a true shortage or simply fewer appraisers willing to work for low net compensation — appraisal delays, combined with requests for "rush fees," are realities in the marketplace. When setting contract deadlines for your closing, ask your real estate agent about conditions in your area. The more realistic the settlement date, the lower the likelihood you'll be charged extra to get the work done.

***Ken Harney****'s email address is kenharney@earthlink.net.*

REAL ESTATE MATTERS | It's important to find out whether there are any impending projects or special assessments that could significantly raise dues.

## How to build exterior stairs that last

ASK THE BUILDER | One way to stop the water from entering the wood is to cover the flat and vertical cuts with a continuous piece of joist protection tape that stops water from getting into the wood

## Thinking of renting in D.C.? Here are the neighborhoods where tenants spend most of their income on housing.

TOWN SQUARE | RadPad, an apartment search and rent payment site, checked thousands of one-bedroom listings in Zip codes in the District and calculated the amount of monthly take home pay residents spent on rent.

October 2016

# VOICE OF THE APPRAISER

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*Valuation Review* is a production of October Research, LLC specializing in business news and information for the valuation industry and real estate appraisal professionals, and is published 24 times a year.

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# A LETTER FROM OUR SPONSOR

To Our Appraiser Colleagues & Valued Clients,

The Landy Insurance Agency is pleased to sponsor the 2016 *Voice of the Appraiser* survey by October Research, LLC, as we have since 2011. This information, provided by appraisers from all over the country, provides valuable insights into the ever changing dynamics of the appraisal profession. The Landy Agency has, and will continue to, support the appraisal profession through our affiliations with appraisal organizations throughout the country, contributions to professional journals and websites, participation in workshops and conferences, risk management services and most importantly, our exceptional Errors and Omissions insurance program. Our goal remains to help appraisers reduce the risk of being an appraiser and provide prompt, professional assistance when you need us the most.

Obtaining Errors and Omissions insurance coverage from the Landy Agency is quick and easy. We offer state-of-the-art coverage features while remaining extremely cost competitive. Our application for individual appraisers features only four qualification questions and the prices for the coverage options are right on the application. You can even apply on our website at www.landy.com and have your policy emailed to you in just a few hours! And we never charge dues or membership fees.

We are sure that you will find the information provided in the 2016 *Voice of the Appraiser* report valuable as you negotiate the continued changes taking place in your profession. When it comes time to evaluate your professional insurance needs, we look forward to the opportunity to serve you. It is our privilege to assist thousands of appraisers who trust us for their Errors and Omissions insurance. For additional information or to obtain coverage for individual appraisers, appraisal firms or other real estate professionals, please call us at 800-336-5422 or johnt@landy.com or visit us on the web at www.landy.com.

Thank you for your interest in the Herbert H. Landy Insurance Agency and the 2016 *Voice of the Appraiser* report. We look forward to hearing from you!

John L. Torvi
Vice President
The Herbert H. Landy
Insurance Agency, Inc.

LANDYInsurance

# Appraisers make their voice heard in sixth annual survey

**By Mike Holzheimer - Editor, *Valuation Review***

The face of the appraisal industry has continued to change in many facets over the past six years which was clearly demonstrated by way of the data and opinions reflected in *Valuation Review's* 2016 "Voice of the Appraiser" survey.

AMC regulations continue to be a hot topic for appraisers regarding the ability to turn in compliant reports, while discussions surrounding customary and reasonable fees, and fees in general, remain in the conversation. The idea of changing the educational requirements necessary for entrance into the appraisal profession is another item appraisers continue to address with various organizations.

As always, technology continues to be near the top of the list in terms of what is currently available to the appraiser in making their jobs easier. The question still remains of whether the appraiser will take advantage of such opportunities and adapt to technological changes.

We remained consistent in terms of the number of survey respondents compared with last year. Appraisers continue to be proactive in voicing their thoughts about the profession they have dedicated their lives to. Yes, the industry is aging and the perception continues to be that the number of appraisers is shrinking. Still, our audience weighs in on factors as to why the profession's numbers may be dwindling, while suggesting ways the profession can grow and prosper.

The goal of this special report/survey is to provide the format for our audience to speak their mind about the overall condition of the appraisal profession. How does it shape up today through the eyes of the appraiser, and what will the future hold for the industry as the winds of change continue to swirl about the valuation profession? This report has examined these topics and others affecting appraisers since the survey began. We will explore some of the individual changes that have taken place over the past year, including the decisions appraisers are making with regards to adding commercial appraisal assignments to their resumes.

The report looks at the biggest risks and concerns surrounding the appraisal profession and also examines selected issues and concerns as seen through the eyes of the lender, to compare and contrast those views with that of the appraiser.

We appreciate everyone's participation in this year's survey recognizing that this report cannot be produced without your time, effort, interest and cooperation. We extend our thanks to everyone who participated in our survey and we're proud to reveal the lessons and insights from our sixth annual Voice of the Appraiser survey.

## Making a living

We continue to see that an appraiser's typical fee and the grade (rating) they would place upon that fee changed very little over the years and continues to be a challenge in 2016.

We again asked our audience what the typical fees are for the appraiser. In our first survey conducted in 2011, 45.7 percent of the fees fell into the category of $300-$400, with more than half (53.3 percent) of the respondents feeling the fees collected were low. In 2015, the typical fee per assignment increased to $400-$500 (57.1 percent) but still was considered to be in the low range. That same $400-$500 fee was the second response from respondents in this year's survey at 32.3 percent.

In our first survey, just a little over 17 percent of appraisers were being paid between $400 and $500 an appraisal. However, appraisers earning more than $500 an assignment climbed to 20.5 percent in 2016 compared with 6.1 percent in 2011 and 14.9 percent in 2015.

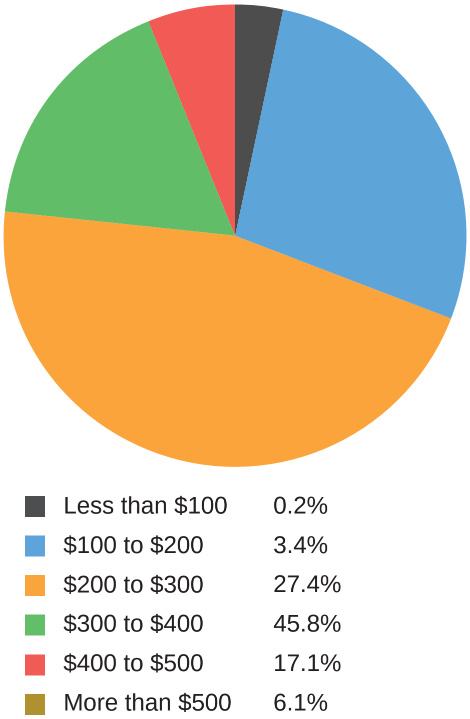
Overall, the number of full appraisal assignments completed each month this year shows 73 percent of appraisers completing 10 or more. In 2015, the numbers were similar with appraisers saying they were completing (71.5 percent) more than 10 full appraisal assignments per month.

The average turnaround time for a full appraisal report of a residential appraisal assignment was consistently faster through 2015. The numbers from this year's survey, though, indicates that such a trend may have halted.

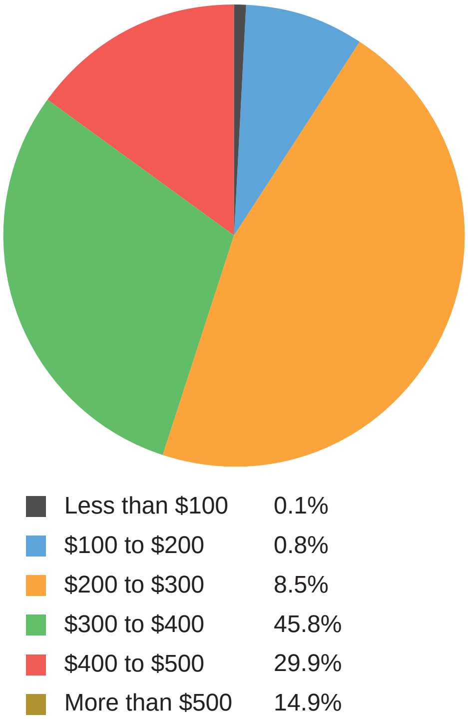
In our first survey in 2011, 51.3 percent of the appraisers polled said it took four or more days for turn time for a full residential appraisal report. The number was similar last year with 58.9 percent of appraisers saying it took four or more days, while this year, 64 percent of the appraisers

## What is your typical appraisal fee?

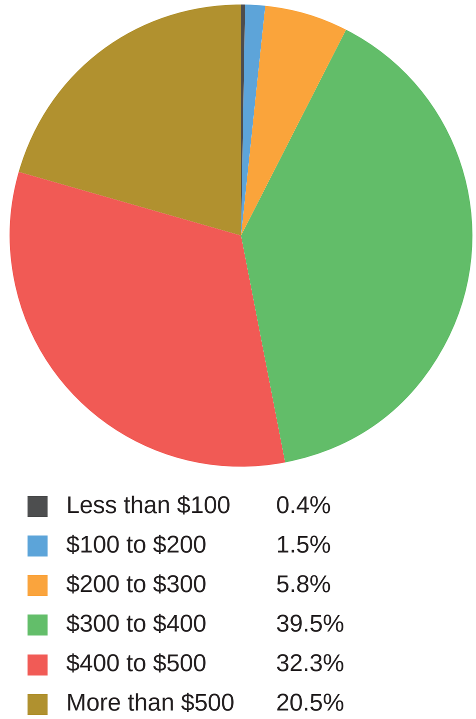
2011




2015

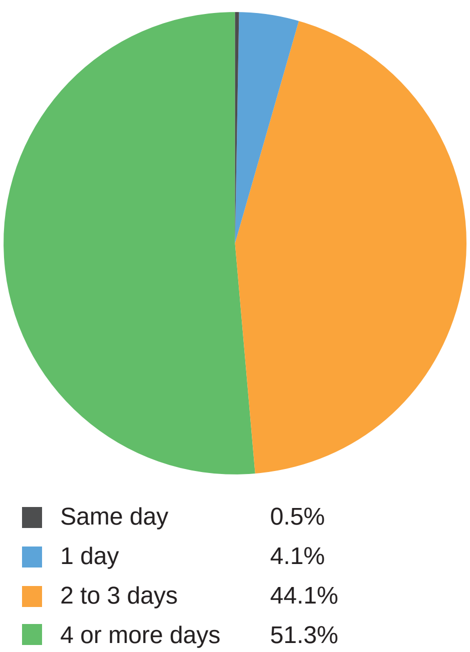



2016

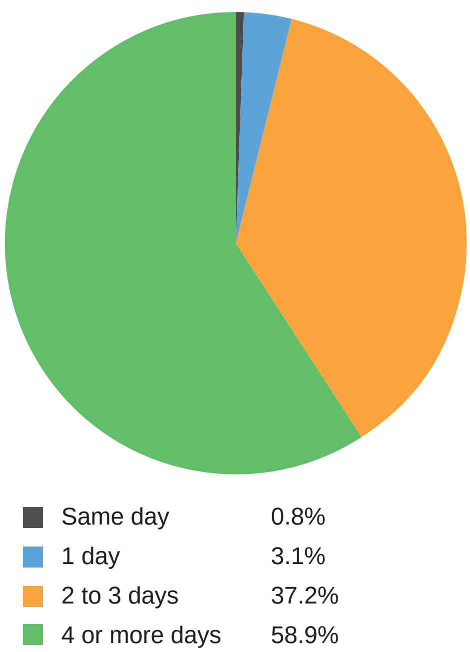



## What is the average turnaround time for a full appraisal report of a residential appraisal assignment?

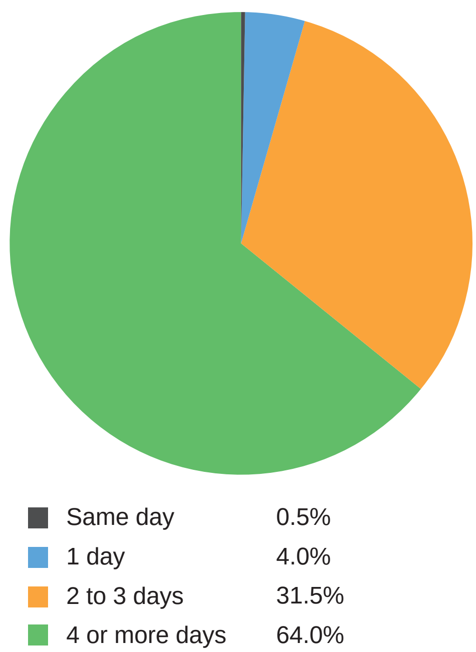
2011




2015




2016



said it took four or more days to complete.

Regarding appraisers saying it took two to three days for turn times on completed reports, this year found 31.5 percent answering that, with last year's number slightly higher at 37.2 percent.

"Today's market value appraisal environment requires much more extensive analysis, confirmation and reporting," one respondent said. "Many reports take days and weeks at times due to an appraiser's personal volume requirement just to pay the bills."

"It takes much longer as far as turn time as many appraisers are getting out of the business," one respondent said, while another stated, "I think a lot of it has to do with appraiser independence. Everyone is now scared to call an appraiser and say 'where's my appraisal?' They're even afraid to ask appraisers how soon will the assignment be completed."

So the number of appraisals conducted each month has remained high the past six years, while the turnaround time of four days or more continues to be a standard.

Appraisers continually are being asked to produce a high volume of assignments but simply cannot complete them at the rate required by state and federal regulators. The idea of quantity over quality does not sit well with most of the appraisers surveyed in 2016.

Fees for appraisers may be rising the past six years,but many still feel as though progress isn't being made. The implementation of customary and reasonable fees has played a major role in these feelings by appraisers.

With regards to the fees changing since the customary and reasonable debate's arrival, 39.7 percent of the respondents said there was an increase for 2016. That's a change from what respondents told us last year, when 28.3 percent said fees increased.

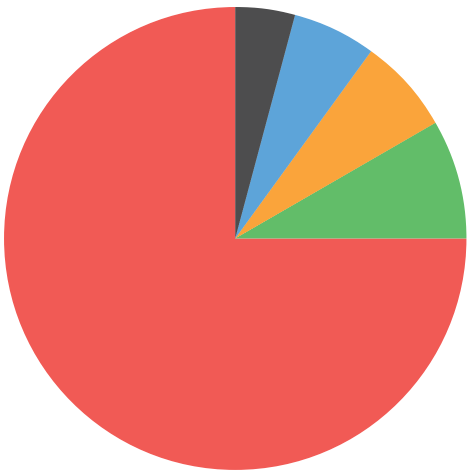
"Appraisal fees have gone up through AMCs because they are having to increase what they pay to the actual appraiser to get more appraisers on board," one respondent said, while another said "fees have increased by over 50 percent" regarding "customary and reasonable."

This year also reflected the lowest percentage (18.9 percent) for appraiser fees being rated as above average compared with the 37.1 percent in 2015 and 41.6 percent in 2014.

Those numbers still show a consistency regarding a low rating for appraiser fees and  may be the reason why there is also a consistency towards appraisers demonstrating the unwillingness to take on the added responsibility of acting as a trainer or mentor for hopeful appraisers.

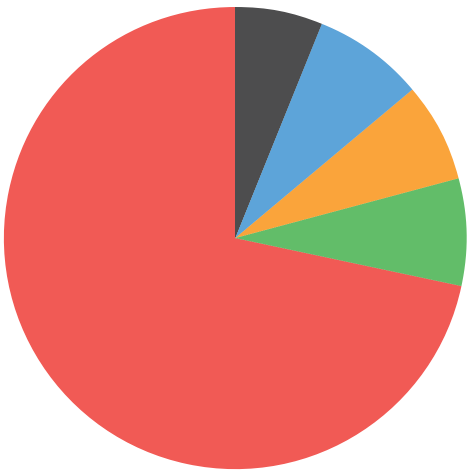
## What is the typical number of full appraisal assignments you complete each month?

2012



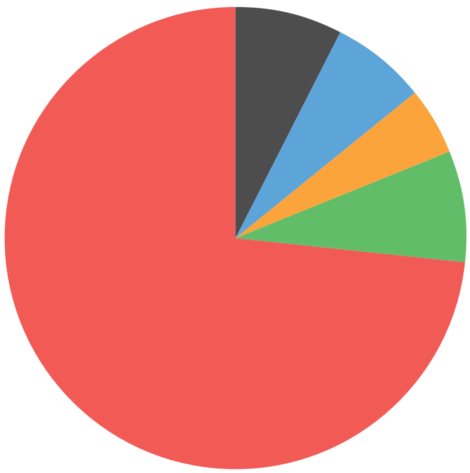
| | |
|---|---|
| 1-3 | 4.3% |
| 4-5 | 5.8% |
| 5-7 | 6.8% |
| 8-9 | 8.1% |
| 10+ | 75% |

2015



| | |
|---|---|
| 1-3 | 6.3% |
| 4-5 | 7.6% |
| 5-7 | 7.2% |
| 8-9 | 7.4% |
| 10+ | 71.5% |

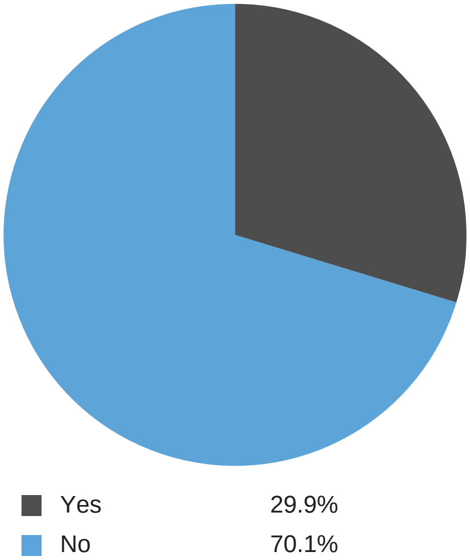
2016



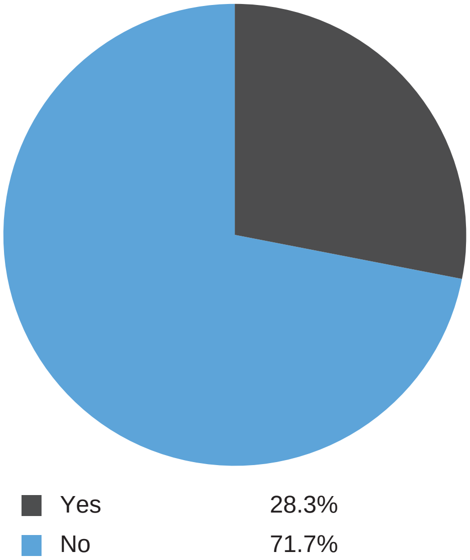
| | |
|---|---|
| 1-3 | 7.6% |
| 4-5 | 6.7% |
| 5-7 | 4.8% |
| 8-9 | 7.8% |
| 10+ | 73.1% |

## Have you seen an increase in your appraisal fees since “customary and reasonable”?

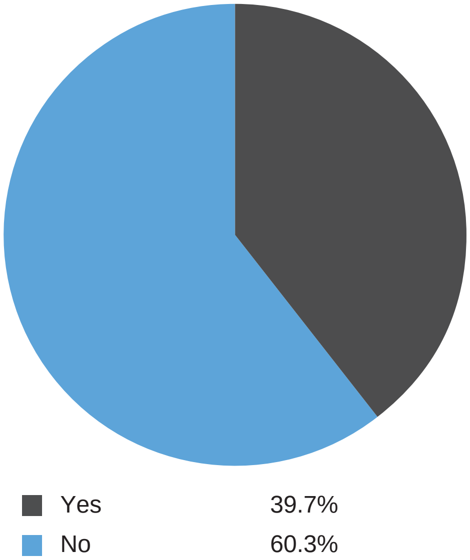
2012




2015

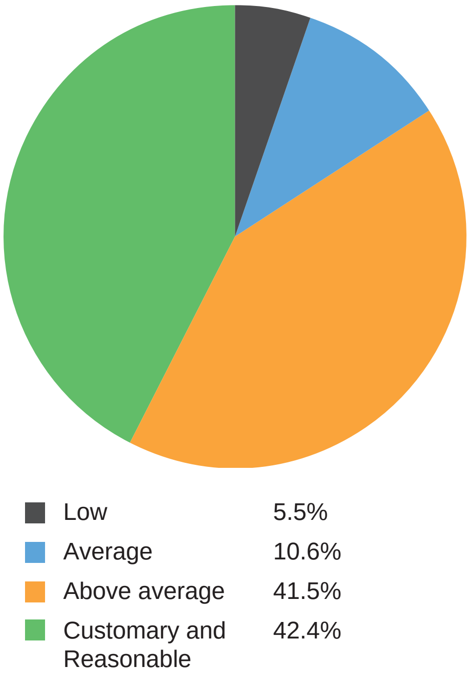



2016

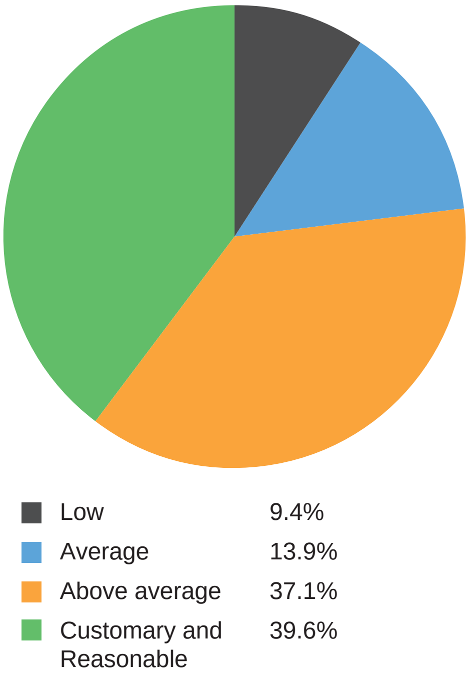



## As an appraiser, how would you rate the typical appraisal fee you are paid?

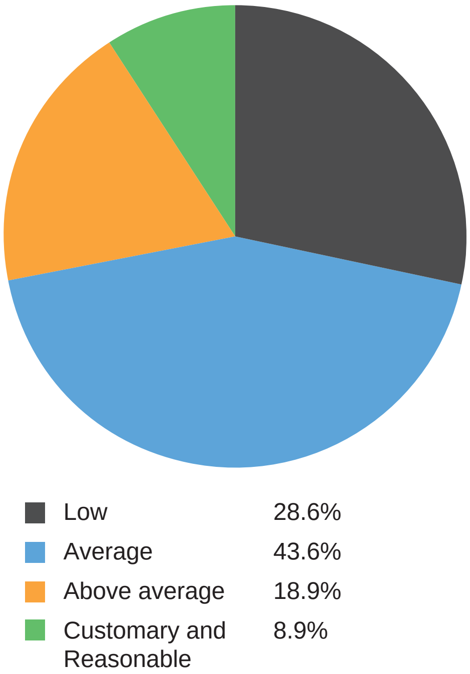
2014




2015




2016



# Business Practices

Appraisers, always looking to improve the financial situation surrounding their chosen profession, continue to seek ways to expand their businesses, broaden their horizons and add more valuation skills to their appraisal tool box. The normal regulations that seem to continue tying the hands of residential appraisers continues to be a reason for such desired expansions but more appraisers are seemingly trying to get out of that professional rut by traveling down some different roads.

With many appraisers making a move toward commercial evaluations, this year's survey again asked the question of what type of assignments are you most occupied with – residential, commercial or both. This year 66.2 percent of the respondents said they are doing residential work, while just 8.9 percent said they solely commercial work. Nearly a quarter said they are working in both arenas of appraising.

In 2015, residential appraising was dominant as well with 65.2 percent of respondents leaning that way, just 11.2 percent of the respondents saying they were doing commercial, and just 23.5 percent doing both.

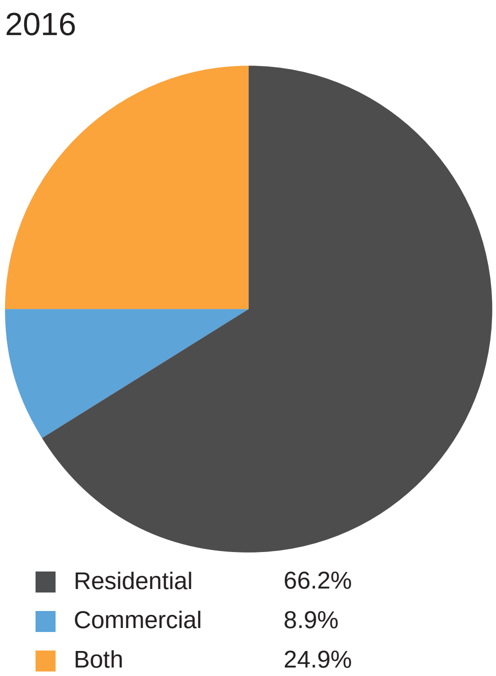
That marks the fourth consecutive year our survey has shown growth on the commercial side. In 2013, 18.5 percent of respondents said they were doing entirely commercial work, or commercial and residential. That grew to 22.7 percent in 2014, to 35.7 percent in 2015. Although it dipped slightly to 33.7 percent this year, it remains nearly twice what it was when we first asked the question.

"I completed commercial appraisals for the first 20 years of my career but got tired of fighting for a reasonable fee," one respondent said, while another stated "the quantity between residential and commercial appraising is roughly a 50-50 split but the revenue is 65-70 percent commercial versus 35 percent for residential."

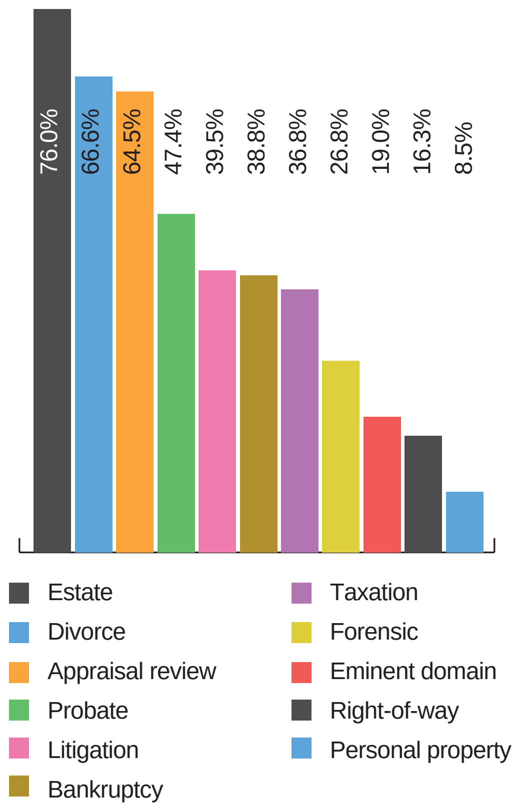
Several respondents indicated that they were involved commercially regarding agriculture, non-federal related transactions, apartments, eminent domain, litigation and divorce. One respondent indicated, "over 90 percent of the work is commercial but periodically appraises portfolios of homes or custom estate/historical type homes if the client will pay the fee."

Another appraiser, leaning towards the legal angle that commercial appraising can offer, said the practice is restricted to expert witness testimony. One respondent, semi-retired, said, "my work is mostly with non-bank residential and compliance review."

### Residential or commercial? Or both?




### What other types of work assignments do you routinely accept?



Another comment reflected the idea that one appraiser, working in residential appraising 85 percent or more of the time, continues to look for commercial hours but has found very few opportunities.

The numbers do reflect that appraisers are attempting to branch out and challenge their valuation skills but the numbers also seem to indicate that such steps taken would fall into the “small” or “baby” step category. This year, 75.3 percent of respondents said they will do and complete 1 to 3 additional valuation assignments such as BPOs, CRVs, STATS, or RER in a month. In 2015, similar numbers were revealed as far as 1 to 3 additional completed assignments per month with a showing of 76.5 percent.

In addition to full appraisal assignments, appraisers are tackling other areas within the profession. As in 2015, estate work remained the most popular choice with 76 percent saying they do that type of work. Last year, estate work came in a bit higher at 80.4 percent. Divorce was second-highest amongst our respondents with a 66.6 percent showing this year compared with 2015’s divorce work percentage at 70.7. Appraisal reviews came in at 64.5 percent, similar to last year’s number.

Other types of work appraisers said they were doing in 2016 included probate, forensic, litigation, right-of-way, eminent domain and taxation.

“I do mostly mortgage, insurance and REO work,” one appraiser said, while another responded “I do not perform property valuations, though, I occasionally show individuals how to proceed to appeal the full cash values of their homes and businesses.”

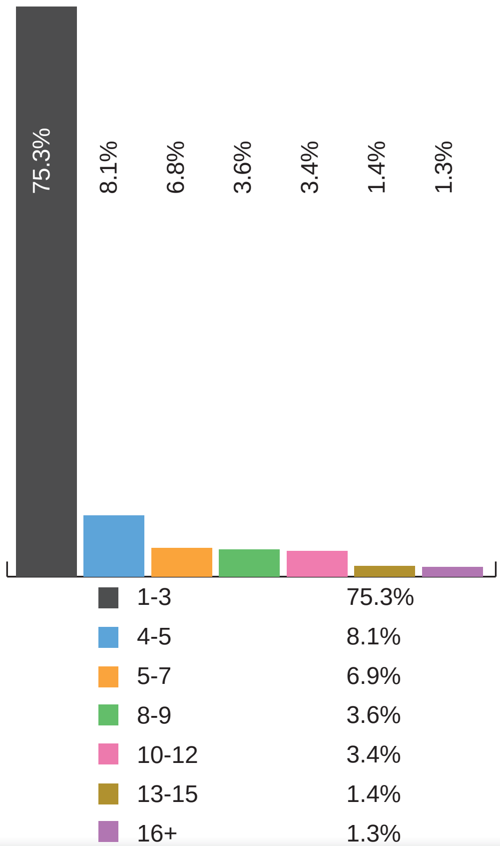
Many others said they engage in standard appraisals for lending, equity funds, pension fund review, fair value and fair market value with others dealing with conservation easements and AVMs.

This year, 80.7 percent of those appraisers polled said they are not working with or training appraisers.

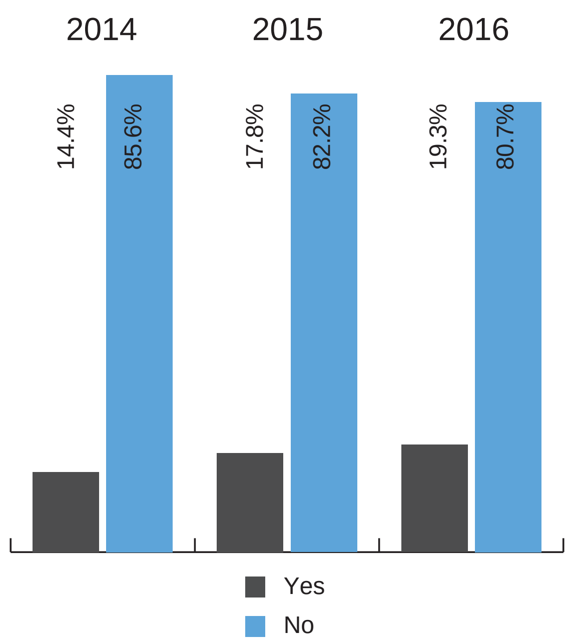
“The next generation of appraisers is a direct conflict to true market value and evaluation,” one respondent said. “Those entering the industry are typically being trained by family members that have been requiring them to produce data and products that are identical to what the trainer has been producing for decades. Trainers are not promoting or training independent evaluations and thought processes. With this mindset, there is no independent opinion of value.”

Another said “it takes too much time to train which would reduce my income below a living wage. In a few years when I can partially retire, I might take on trainees. They would likely be relatives or RE agents.”

## How many other assignments do you typically complete each month?




## Are you working with or training a future appraiser?



Some suggest they cannot train the next generation of appraisers because they are state licensed, and the requirement to train is having a certified license.

"I don't have a bachelor's degree to be able to get certified even though I've been appraising for 17 years and own my own appraisal practice," one respondent said.

There were quite a few of the appraisers surveyed who indicated that they would prefer to shy away from training new individuals because the liability is too high, while one stated "no way will I train future appraisers for the AMCs to hire away."

In last year's survey, appraisers said they get the word out regarding obtaining assignments beyond working with lenders or reaching new lenders and AMCs by way of "word of mouth." In 2015, 80 percent of appraisers prefer this method, and that was up slightly this year, while utilizing the Internet to market themselves was the preferred second choice this year at 44.3 percent.

A few of the appraisers surveyed took to more personal, hands-on methods to market their services by attending weekly broker meetings, passing out business cards at every assignment to bolster return business and using the print media as a market tool including advertising in the phone book. Others involve repeat clients, saying that is the best way to market. Repeat clients can spread the word about an appraiser's work to establish new clients and contacts.

"I respond to emails received from AMCs looking for appraisers in markets that I cover," one appraiser said. "I correspond with them and provide required documents such as licenses, insurance and samples of my work. Once I complete an assignment for them, I often receive additional work. For the past two years, I have had to turn some work down in that I am very busy."

Still, a few appraisers express the opinion that they do not need to engage in marketing exercises.

"I'm getting more work than I can handle," one respondent said. "I have found that I've needed to cut back on marketing." Another said, "I don't market myself in that I've been appraising long enough where clients come to me."

The responses that came when asked about how one markets his or her services indicates that things are going well for many in the appraisal profession.

"We haven't had to do any marketing for over 15 years," one respondent said. "All of our work is based on the loyal client relationships we've developed." Another said "for the past two years, I'm doing more assignments than I thought possible. I am very busy."

## State of the Industry

One respondent emphasized his positive outlook on the profession by saying, "I am well-established."

The appraisal business is seemingly no different than most other professional organizations. Patience is not a characteristic high atop the list when it comes to the completion of assignments. The question of "when can I expect the job to be done" has been replaced by "how fast can you do it?" The idea of quantity over quality is apparently a more important and necessary requirement for the appraiser. We again asked appraisers to comment on turnaround time and whether it has gotten faster.

The answer, by way of the numbers reflected in our 2016 survey, despite all the technology that is readily available to those in the valuation profession, did not change. A total of 65 percent of the appraisers polled said turnaround time has not gotten quicker, a 4 percent increase from last year's survey.

One appraiser said turn times are not any faster because "there is a current high demand, a limited supply of appraisers and the number of qualified appraisers available." Others are saying that additional valuation requirements and regulations holds up the works as far as faster turn times.

"The overall demands from the market and the use of technology has lengthened the turnaround time significantly within a year's time," another said. "Single appraisals are taking over two weeks to complete with an appraisal company."

However, although turnaround time has not improved, appraisers offered some potential remedies as to how overall turnaround times can become more faster by way of utilizing AMCs. Still, the majority of appraisers continue to feel that the desired goal is to be accurate in all of your findings. "Getting it done right still beats getting it done fast" is the sentiment most appraisers continue to express.

"Today, the volume of assignments are so high that to get any traction in reducing total turnaround time, you have to add service providers," one respondent said. "We push the AMCs to expand panels and we've added AMCs in the process."

In 2015, we asked our survey participants to predict whether the TILA-RESPA Integrated Disclosure (TRID) rules would affect the appraisers' business. This year, we asked if TRID did indeed affect business. Last year 71.1 percent of those polled said it would not change the industry. This year, even more said TRID had not changed business for the industry.

"The guidelines and regulations (TRID) for the new appraisal model has added considerable time in closing," one respondent said. "It costs the clients more money and many appraisers are leaving the industry."

As expected, appraisers were not shy in revealing what was their top concern surrounding the profession.

"My greatest concern is not that the fees are low, but that lenders and AMCs continue to demand more and more detailed explanation without compensation for the added time and effort," one respondent said, while another appraiser stated "a lack of client loyalty is a big concern. Even if you give the client the best appraisal ever at an incredible speed, they will pass you by on the next assignment because they found a fee somewhere for $10 less. Why try to do your best if nobody cares and you are not rewarded?"

"What other service can you purchase today for the same price you purchased it at 30 years ago? If things do not improve, nobody will be able to do this kind of work," one appraiser said.

Too much control by the AMCs was another major concern and risk for the appraisers, according to several comments expressed in this year's survey.

One appraiser said "the real issue with AMCs is that many have taken on the role of advocate for the lender. An appraiser is supposed to be independent, impartial and objective by law. AMCs should manage the process and not become an 'enforcer' for the lender."

"We see clients continue to move from AMCs to in-house compliance departments," another respondent said. "The latter employs competent reviewers who have communication skills. Reviewer and communication skills are areas that AMCs lack."

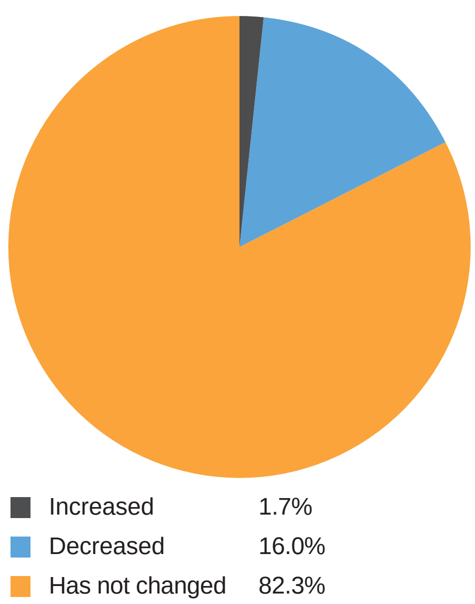
"AMCs only care about the cheapest and the fastest way to do things," one appraiser said. "They could care less if the appraiser is adequately compensated. They just want to make the profit."

Another write-in concern for many appraisers is the lack of a "personal touch," in that the industry has become a computerized profession with nobody available to talk to you one-on-one should a problem surface. One said "the business of appraiser/client relationship has turned into a

## How do you feel about your business right now?

| | |
|---|---|
| Extremely pessimistic | 7.6% |
| | 14.8% |
| It's OK | 47.1% |
| | 23.5% |
| Extremely optimistic | 7.0% |

## How has the TILA-RESPA Integrated Disclosure rule affected the appraisal industry in the next year?



computerized process with call-in centers," while another respondent stated "AMCs don't even talk to appraisers directly — it's all by way of email."

Another said: "The AMC model is destroying the industry with fees. It also hurts the public trust as they see a high fee on their HUD statement and assume it all goes to the appraiser. The fees should be separate line items on their HUD."

Other appraisers had concerns regarding blacklisting. One respondent said: "I have been dropped from several lenders, both those with AMCs and those who do not use AMCs. I've received no explanation for such actions and I fear there will be little opportunity to contact anyone directly to receive an answer."

"I was blacklisted for a desk review," one respondent said. "The original appraiser who completed the inflated report was never questioned. It took me three years to get off that black list but to date I have not received an appraisal order from that bank. Am I off the list? Apparently, not."

"AMCs are always looking for the cheapest and fastest turnaround time," another appraiser said. "They use green appraisers and then I get the reviews. I used to love my profession but now I can't wait to retire and not have to deal with these issues created by Dodd-Frank."

Additionally, on the subject of AMCs, we asked appraisers, based on experience, whether AMCs and/or lenders were moving to a cost-plus pricing model. Nearly 78 percent said they were not, down from 82 percent in 2015.

Appraisers continue to maintain that service fees are higher than the appraisal fee with lenders paying out the full fee to appraisers, while AMCs continue to demonstrate an unwillingness to not pay those fees directly to the appraiser.

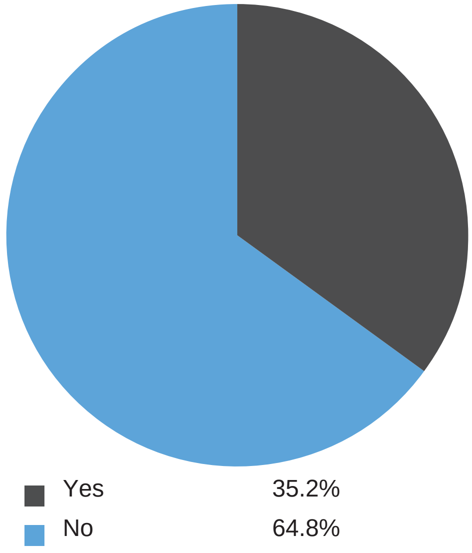
Many appraisers are concerned about whether they should work with AMCs, as the 2016 survey numbers indicate.

"I try not to work for many AMCs due to the current volume of work," one respondent said. "I'm focused on my direct lender and bank clients who manage their own panel of appraisers." Another respondent said the reluctance to work with AMCs stems from lower fees, the response time they demand and the lack of understanding by AMCs when it comes to the appraisal report.

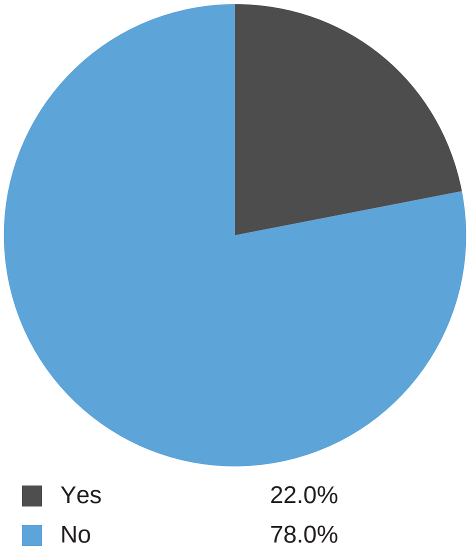
"AMCs are constantly asking (demanding) comments and further explanations," one respondent said.

Liability issues remain a big concern for appraisers with excessive or unattainable demands from AMCs surging to the top with confusing regulations from USPAP, UAD, etc. ranking second. Pressures from lenders and real estate agents was third overall. Appraisers placed excessive (unattainable) demands and pressure from lenders/real

### Has the turnaround time quickened in the last few years?




### In your experience, are lenders and/or AMCs moving to a cost-plus pricing model where they pay the full appraiser the fee, plus the cost of the AMC service?



### As an appraiser, rank the following from major concern to no concern:

| | Major Concern | — | — | Not a Concern |
|---|---|---|---|---|
| Low fees | 44.4% | 15.0% | 5.8% | 6.2% |
| Lack of loyalty/work to us | 25.9% | 18.2% | 8.7% | 9.8% |
| Scheduling conflicts (short notice, turn around times, etc.) | 17.6% | 18.9% | 8.3% | 6.9% |
| Blacklisting | 22.8% | 12.6% | 13.6% | 22.3% |
| Appraisal reviews conflicts | 11.4% | 12.0% | 13.3% | 15.6% |
| Don't know who to talk to with a problem | 11.8% | 12.2% | 13.0% | 23.5% |
| Send orders then cancels frequently | 5.8% | 5.2% | 22.3% | 30.0% |

### What do you feel are the biggest liability issues facing appraisers today?

| | Most Important | — | — | — | Least Important |
|---|---|---|---|---|---|
| Excessive or unattainable demands from AMCs | 35.6% | 27.8% | 18.5% | 8.6% | 9.5% |
| Confusing regulations (USPAP, UAD, etc.) | 18.7% | 28.1% | 27.5% | 13.6% | 12.1% |
| Pressure from lenders and real estate agents | 19.4% | 24.9% | 22.6% | 17.2% | 15.9% |
| Agressive states and local disciplinary boards | 13.2% | 15.4% | 25.0% | 24.7% | 21.7% |
| Actions brought against appraisers by the FDIC or other federal regulatory body | 19.5% | 24.7% | 22.7% | 17.2% | 15.9% |

estate agents also ranked first and second respectively in 2015.

As one respondent said "I'm always worried and feeling pressure about someone reporting me to the state because I didn't get them enough money. The state is there to hang out the appraiser by saying 'do it my way or I take your license.' That's pressure."

We asked appraisers to rate their feelings about the profession. The numbers were not great as far as optimism is concerned, with the majority labeling the profession as just "OK."

Many surveyed would like to see better relationships and cooperation between lenders and appraisers further enhancing the process of appraisals being done so as to meet the needs of the client with appropriate compensation going to the appraiser for a job well done.
"The AMC should have no say in our fee," one appraiser said. "The AMC service fee should be completely separate and of no concern to the AMC. Appraisers are being daily 'shopped' by AMCs calling for quotes and turn times that go to the lowest bidder. This is a horrible practice and doesn't ensure a quality product."
Many respondents, though, voiced reasons for optimism indicating that the appraisal profession can be most rewarding with the understanding that a positive outlook can produce high rewards, and is the case in almost any line of work.

"This can be a good career and a great second job," one respondent said. "The high priority simply needs to be that professionals should care about a high quality product and one's integrity" while another indicates that he is "hoping and planning to stay in this business," which should indicate that there is some level of success coming his way in the appraisal profession.

Another says "regulation and change happens in every profession. An appraiser should anticipate this and grow within the industry."

## From the lenders' point of view

There is no denying the fact that lenders are an important piece of the appraisal profession puzzle. They must work in unison with both the AMC and the appraiser while maintaining a firm grasp on the compliancy rules as they apply to reports. The vital information and data appraisers and lenders need as opposed to what necessary details AMCs are willing to share or believe they have to share with those they contract with has been a real sore spot in terms of intense dialogue. Everybody wants to be paid accordingly, but is that reality? Lenders were polled again in our survey responding to questions relating to what is important as to the roles they serve within the industry.

Similar to last year's survey, nearly 60 percent of the lenders indicated they will order 50 or more full appraisal assignments each month with one respondent proclaiming 15,000 orders within a month, while one appraiser indicated just eight full assignments were ordered one month at a time.

Other valuation assignments ordered showed 12 percent ordering between one and 10, with 18 percent ordering 10-20. Four percent fell into the 30-40 full appraisals a month category with eight percent of the appraisers polled saying they order between 40 to 50 full appraisals.

As for a fast turnaround time for full reports of residential appraisal assignments, lenders felt the same way as appraisers did in 2016 regarding a slower turn time with a response of four or more days for completion of reports. A total of 90 percent said they expected four or more days for reports, which is 5 percent higher than what last year's respondents told us.

AMCs still indicate, as they did last year, that two to three weeks is normal for full report completion. One respondent this year said "it should be five to seven business days. But it usually winds up being two weeks or more before we see a completed report."

Lenders continue to offer many reasons why turnaround time has not gotten faster indicating the constant delays by the AMCs cost the clients more money per appraisal adding to the fact the industry hasn't seen quicker turn times in the last six years, and probably won't see that improve in the future.

One lender said: "with the fact that we can't re-disclose a higher appraisal fee, we are not able to do cost plus. We just have to eat the differences on a regular basis."
Furthermore, lenders offer the claim that appraisers do their part in the tardiness of assignments in that they simply work at a pace that they set and feel comfortable with.
No matter how much the volume of orders increase, the schedule regarding time for each of those orders seems to not match or keep up with the higher number of requests and demands.

And with these increasing demands, lenders have again increased scrutiny or vetting on their appraisal vendors, with 80 percent agreeing that such scrutiny has been increased. In 2015, lenders saying yes to more scrutiny came in slightly lower at 76 percent. Lenders say they are changing policies somewhat, asking for more descriptive details and detailed calculations.

"We review the instances where the AMC's QC process failed," one respondent said. "When we identify a required revision that should have been caught by the AMC, we hold the AMC accountable."

Other examples of increased scrutiny by lenders is the fact that many are asking for more appraisal samples of various price points, proposed versus existing; suburban versus rural providing more minimum requirements of items (tax map, property card, flood map, location maps, etc.) that must be included in the appraisal.

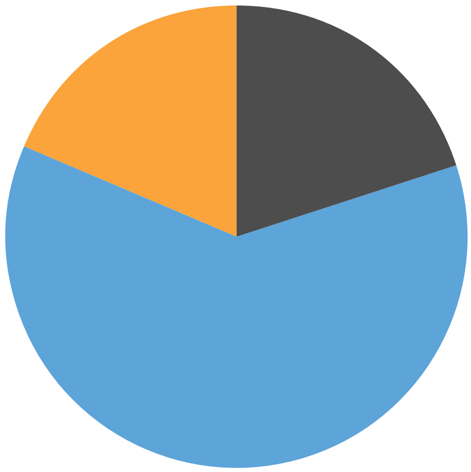
The percentage of lenders polled on the subject of increasing or pairing down the number of appraisers they worked with in the past year was extremely even in 2015, with 35 percent saying they've increased the number of appraisers worked with during the year with 33 percent saying the number stayed the same and 31 percent saying they paired the number down.

This year, the poll shows a much different result with just over 60 percent of appraisers polled saying they have increased the number of appraisers worked with, while 20 percent indicated they've paired that number down, while just under 20 percent said the number stayed the same.

## What is the typical number of appraisal assignments you order each month?

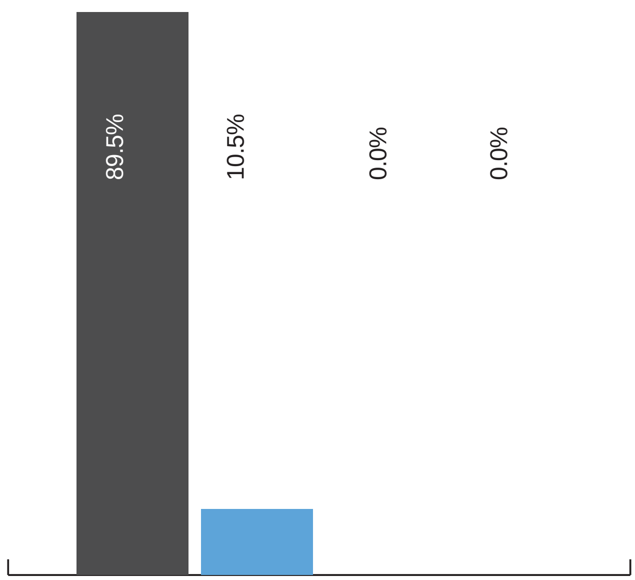
| | |
|---|---|
| 1-10 | 12.0% |
| 10-20 | 18.0% |
| 30-40 | 4.0% |
| 40-50 | 8.0% |
| 50+ | 58.0% |

## Have you paired down or increased the number of appraisers you work with in the past year?



| | |
|---|---|
| Paired down | 20.4% |
| Increased | 61.1% |
| Stayed the same | 18.5% |

## What is the expected turnaround time for a full appraisal report of a residential appraisal assignment?




| | |
|---|---|
| 4 or more days | 89.5% |
| 2 to 3 days | 10.5% |
| 1 day | 0.0% |
| Same day | 0.0% |

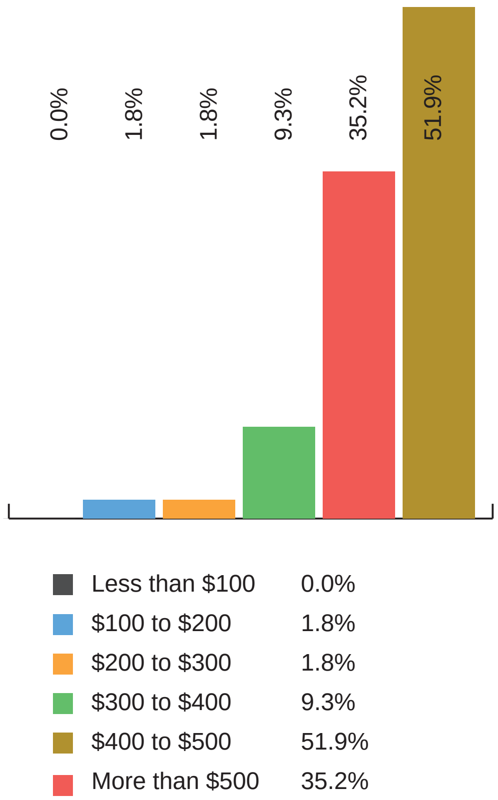
Respondents saying they increased the number of appraisers claimed it was because of the demand for appraisers with experience in new construction, in particular single lot appraisals, while another respondent said "we have been adding appraisers in response to increasing turn times from our existing appraisers."

As for those who said they pared down appraisers, lenders said the decisions reflected attitudes of competency. One respondent said "we have had to pair-down in certain areas to try and keep quality appraisals intact." Another said "I've paired down because appraisers simply cannot keep up with the volume."

As for the intense battle regarding the war on customary and reasonable fees, both the lender and the appraiser may have to wait a while regarding a proclaimed "cease fire." Appraisers have stated they have not noticed an increase in fees since this heated exchange began, lenders, based on the 2016 survey, said that fees have gone up, causing fees to increase from $375 to $475, while appraisers are recognizing that they no longer receive the full amount of their appraisal fee with a third-party splits 20 percent from that appraiser fee. This further adds fuel to the fire regarding appraisers not being fairly and fully compensated for their work.

"Our contracts with our AMCs have stipulated a higher fee to the appraiser and a 'flat service fee' to the AMC," one lender said. "We are on board with customary and reasonable fees."

### What is your typical appraisal fee?




"There is a giant, huge increase regarding fees," one respondent said. What was $350 a couple of years ago, we're now seeing the fee at $500 to $1,500 for regular SFR appraisals."

## Working with lenders/AMCs

Since we launched our Voice of the Appraiser survey six years ago, there doesn't seem to be any significant improvement as to better working relationships between appraisers, lenders and AMCs. The regulations currently in place and potential/proposed changes to those guidelines continue to frustrate those working in the valuation profession. A universal model for everyone to work off of doesn't seem to be something the industry can look forward to anytime soon. Or, as one appraiser put it in terms of everyone working together listening and respecting each other's ideas, "don't hold your breath."

As with last year's survey, three-quarters of appraisers said that regulations and third-party inclusions from the Home Value Code of Conduct (HVCC) and the Dodd-Frank Act have hurt the industry. The percentage of those saying it has hurt the industry is slightly down this year (68.8 percent) from last year's 73.9 percent.

One respondent's biggest concern surrounding HVCC was that it has become more cost-prohibitive to become a residential appraiser. "I believe the decline in the number of appraisers will provide big banks with a better excuse that automation is the most efficient way to produce an appraisal," he said. "This could negatively affect the rural and specialized market areas."

"There is greater overall scrutiny," one respondent said. "Historically, appraisers were considered to be experts in their field and their opinions were given deference. Today, appraisers are considered to be little more than form-fillers and data aggregators."

Lenders continued to be singled out in this year's survey in terms of sending an endless number of comparable sales for the appraiser to review without vetting them. Appraisers also said lenders do not want to accept the fact that a home is in C5 condition. The notion was also expressed that everything that is questioned within the report has no effect on the value.

One respondent commented on what was a "first" for his office. “One client ran a UCDP program that resulted in warnings,” he said. “The appraiser asked the lender to explain what risks were indicated, and the lender was unable to provide an answer. The appraiser moved an age adjustment to the condition line which was a combined adjustment. It appears that such a move may have resulted in the warning, but still not sure.”

Appraisers, feeling that increased scrutiny from lender clients in the past year, has also provided some positive results as evident by one appraiser’s comments on scrutiny.

“I have received more work in the past two months than in the previous five years for the same months,” he said. “Apparently, somebody is getting much needed scrutiny from lender clients.”

Respondents offered much commentary as to the qualifications of those assigned to determine property value. The implementation of sufficient policies relating to competent people performing the valuations was evident in the responses as well as questioning whether or not the right people are being trained and hired for assignments.

As in our 2015 survey, appraisers said scrutiny has seen individuals and groups claiming appraiser reports are lacking certain (specific) items. Upon a closer look and an examination of the report by somebody qualified to do it, such information is included in the report. This results in the appraiser having to send a separate report stating that his original report was indeed complete, which again speaks to the wasted time that validates the slower turnaround time appraisers believe still exists in 2016.

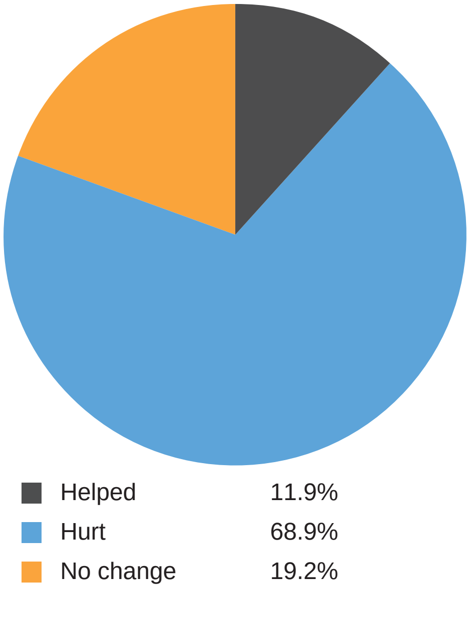
“The increased scrutiny has nothing to do with obtaining ‘missing’ items or determining value it has to do with enabling a computer to read the report,” one respondent said.

Another commented, “several companies have implemented auto-evaluation systems that must be ‘passed’ before an assignment can be turned in. For a rural appraisal, this essentially means that I have to duplicate much of my supplemental addendum comments in their system which amounts to about 45 minutes of extra writing.”

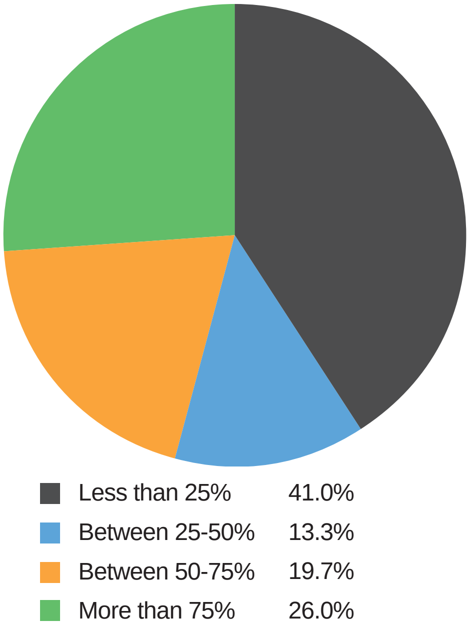
In 2017, the requirement by lenders and AMCs to have appraisers do a complete background check will become mandatory. Just as last year, 60 percent of the appraisers polled said they had been required to do a background check, while 40 percent of appraisers soon will be getting those.

“I had two background checks in June this year,” one

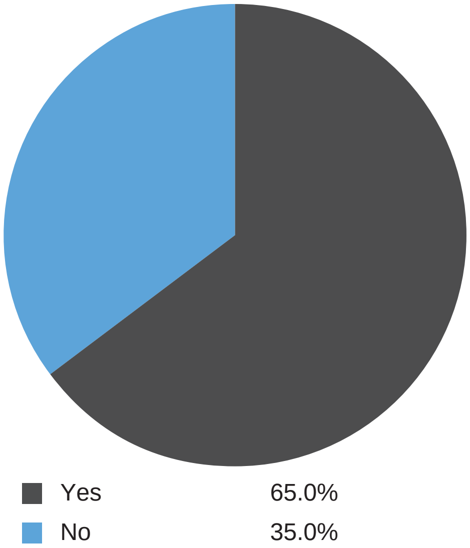
### How has the regulation and third-party inclusion stemming from the Home Value Code of Conduct (HVCC) and the Dodd-Frank Act affected the industry?




### What percentage of work do you receive from AMCs?




### Have you felt any increased scrutiny from lender clients in the past year?



appraiser said. “The AMCs are recruiting in Oregon and want me to pay for another background check and apply for a job with a complete history while they don’t even have last names and absolutely no credentials.”

Many felt, as they did in 2015, that bypassing the background check was better time served in that the odds of individuals getting into and staying with the appraisal profession weren’t exactly in their favor. The number of appraisers seeing no increase in work directly from lenders was slightly down in 2016 at 55.7 percent, compared with last year’s 65 percent. The percentage of work appraisers receive from AMCs revealed 45 percent getting at least half their work from AMCs.

Knowledge, competency and a lack of confidence were again reasons why appraisers continue to receive their work from AMCs as respondents clearly indicated accurate reports didn’t seem to be a top priority in the eyes of appraisal management companies.

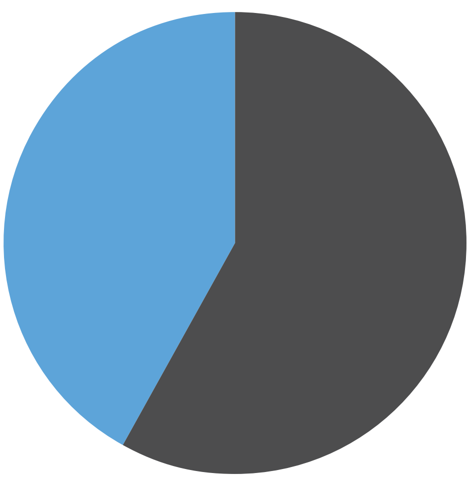
The appraiser maintains that AMCs are making decisions on data and appraisal reports that they have no educational or training background on. One respondent said, “Appraisers today have no desire to achieve higher competency and knowledge. Based on what the AMCs settle for, the appraiser feels as though he or she can just crank out ‘filled-in’ forms with ‘just enough’ information to satisfy the AMC.”

Lenders, as most appraisers feel, should take a more pro-active approach with the appraiser. One suggested that they need to stay with the appraiser on an assignment and watch every step taken towards the completion of a valuation report. Then and only then will the lender understand the needs of the appraiser.

“We need lenders to be encouraged to accept appraiser trainees for solo inspection so we can grow the business,” one appraiser said, while another stated “lender-owned AMCs are a problem. They control the work and are now getting sound customary and reasonable fees by underpaying staff appraisers. There is complete collusion amongst the lenders and realtors.”

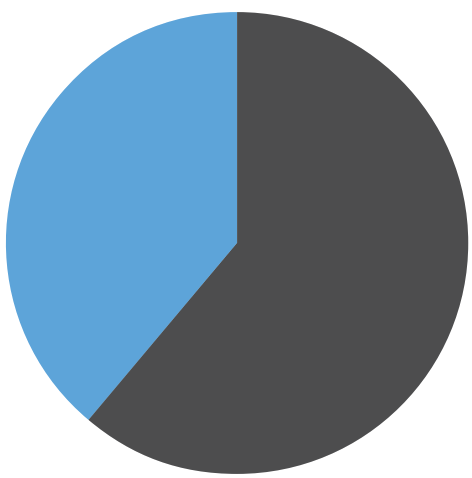
### Has your lender/AMC required you to complete a background check?

2014



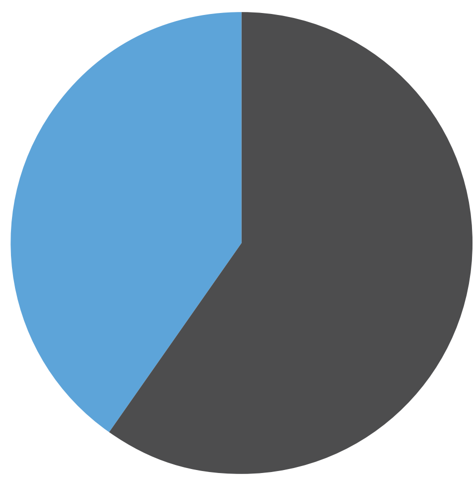
| | |
|---|---|
| Yes | 58.1% |
| No | 41.9% |

2015



| | |
|---|---|
| Yes | 61.2% |
| No | 38.8% |

2016



| | |
|---|---|
| Yes | 59.9% |
| No | 40.1% |

# Technology

Slowly, but surely, appraisers are warming up to the fact that technology is here to stay. The devices available to those in the valuation profession can provide accurate and speedy results as to the completion of assignments with the ultimate goal of achieving compliant reports. Industry experts and those heading appraisal organizations have all said for appraisers to not accept, implement and embrace technology into their profession would be a huge, and in some cases, costly mistake.

The implementation of mobile devices is one way to enhance the overall appraisal assignment but many in the industry, as this year's respondents indicated in our survey, do not use such technological tools. In fact, 68.9 percent of appraisers said they do not use a mobile device to enhance on-site appraisal assignments with just over 31 percent saying they do utilize such a device. The number of those not using mobile devices in 2015 was even higher at 79.4 percent.

"I only use a sketching program," one respondent said. "All of the other stuff does not work for me." Another said that such a notion of mobile devices in the field "assumes all appraisers have functional mobile data services in all of the neighborhoods they service. In Michigan, this is not the case."

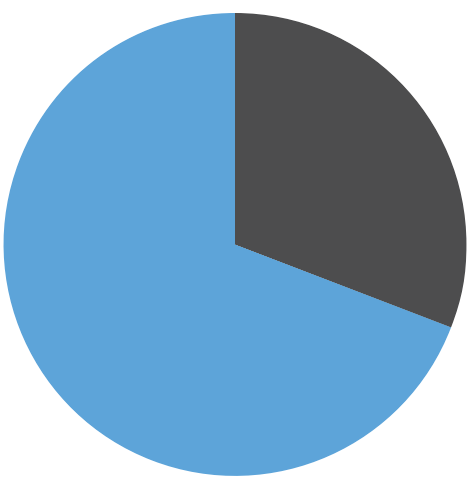
Still, other appraisers spoke to other difficulties with these devices such as signal problems, especially in rural and recreational areas where a mobile device just isn't a good fit, while another respondent basically identified financial reasons as to why mobile devices are not used in the field, claiming "technology is too expensive."

As for alternatives to the usage of mobile devices, many appraisers polled indicated that they are just as comfortable and confident in determining the mathematical numbers needed for their reports by using an iPad, iPhone or other tablet, including some who used those devices in conjunction with mobile software such as Total, Surface Pro or alamode to help do their work away from their desks.

One said his cellphone acted as a camera and that would suit him just fine, while another stated, "I use my iPad with Total software only on non-complex houses."

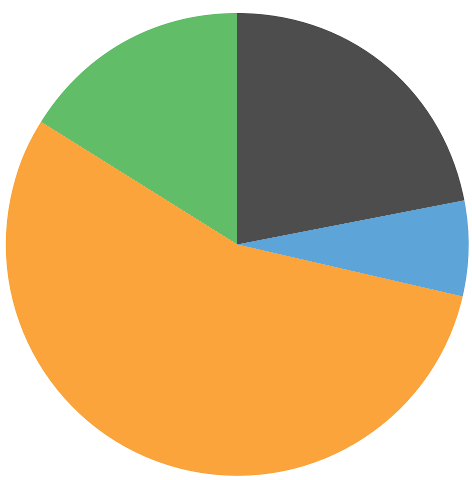
As for the breakdown as to what functions appraisers perform on their mobile devices, photos was No. 1 at

### Do you use your mobile device to enhance on-site appraisal assignments?



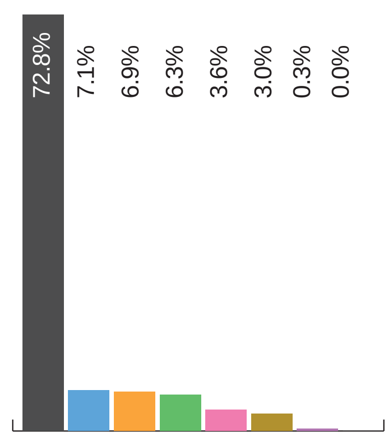
| | |
|---|---|
| Yes | 31.1% |
| No | 68.9% |

### How has Collateral Underwriter affected your workload?



| | |
|---|---|
| More work | 22.2% |
| Less work | 6.5% |
| Same work | 55.3% |
| Stopped taking assignments | 16.0% |

### Which of the following best describes your business?




- Independent appraisal company
- Real estate valuation provider
- Appraisal firm
- Lendor
- Multiple services provider
- Appraisal management company
- Vendor managment company
- Automated Valuation Model provider

73.4 percent followed by maps, sketches, workflow management and forms. Photos were the top use for mobile devices in 2015 at 78 percent.

Some, though, remain of the opinion that technology tools in the field are a bit cumbersome, and they just don't want extra equipment on their hands. Still, a few respondents shared their optimism regarding technological mobile devices and said they would try it out in the future.

Others are using other forms of technology such as Microsoft books and Disto devices. "I have the Microsoft book and a full computer in tablet form. It's huge," one respondent said.

"I still use a folder for the on-site inspections," one appraiser said. "But I use my cellphone often for emails, updates, calendar, etc. I have a Samsung Tablet and a Microsoft Surface ready to go when I do decide to go mobile."

"I tried a few things such as an iPad, laser measure, Alamode app and I just didn't like it," one said.

As for appraisal apps, more than one-third of appraisers said they do use them, while last year, that was at 30 percent.

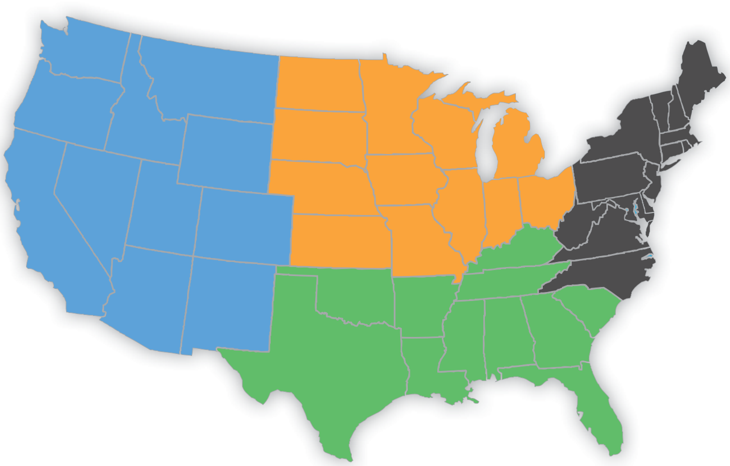
Finally, we asked appraisers whether the implementation of Collateral Underwriter (CU) has affected their overall workload and how they conduct their business. In February of 2015, when CU was introduced, many appraisers were both resistant and concerned about the way CU could impact their assignments, mainly fearing the notion of being asked to respond to and justify "red flags the software outlined in their reports.

In our survey this year, the majority of respondents (55 percent) said that their workload for CU reports was the same, while in 2015, a slightly higher percentage (57.9 percent) said CU had not changed their workload in the first six months it had been in use. Some appraisers, suggesting they wouldn't take any Fannie Mae assignments as a result of CU, acted positively on such a claim as there was a slight increase (16 percent) of respondents saying they have stopped taking such assignments involving CU compared to last year's number of 15.3 percent.

One respondent indicated that the usage of CU might be the first step in producing better reports. "Appraisers are still using bogus adjustments," the appraiser said. "Hopefully, they will use Collateral Underwriter which makes the appraiser adhere to standards. The bad apples will continue to use these bogus reports until CU makes them stop."

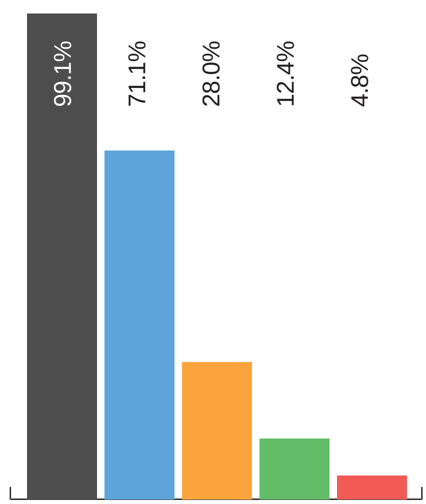
Some continue to believe that CU data needs to be shared, otherwise it can put the appraiser in a bad situation.

## Where are you located?



| | |
|---|---|
| East Coast | 31.0% |
| West Coast | 23.0% |
| Midwest | 27.3% |
| South | 18.7% |

## What real estate valuation services do you provide?




| | |
|---|---|
| Full appraisals | 99.1% |
| Drive-by appraisals | 71.1% |
| Property condition inspections | 28.0% |
| Alternative Valuations such as CVRs, STATS, RERs, etc. | 12.4% |
| Broker price opinions | 4.8% |

October __, 2016

**MEMORANDUM TO:** Board of Directors

**FROM:** Doreen Eberley
Director, Division of Risk Management Supervision

**SUBJECT:** Federal Register Statement and Order to Issue Temporary Exceptions to FIRREA Appraisal Requirements in Areas Affected by Severe Storms and Flooding in Louisiana

**Summary of Recommendation**

Staff recommends that the FDIC's Board of Directors (Board) approve the issuance of the attached *Federal Register* Statement and Order (FR Statement and Order), entitled *Temporary Exceptions to FIRREA Appraisal Requirements in Areas Affected by Severe Storms and Flooding in Louisiana,* for publication in the *Federal Register*. The FR Statement and Order would grant relief from the appraisal requirements set forth in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and its implementing regulations contained in Part 323 of Title 12 of the Code of Federal Regulations (Part 323). If approved, the FR Statement and Order would be issued jointly by the FDIC, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the National Credit Union Administration (collectively, the Agencies).

**Background**

Beginning on August 11, 2016, areas in Louisiana were adversely impacted by severe storms lasting for 72 hours that resulted in significant flooding along the Amite River. Estimates reported that as many as 60,000 homes were damaged.

On August 14, 2016, President Obama declared that a major disaster area existed in Louisiana. Of Louisiana's 64 parishes, 22 parishes were declared to be within the designated disaster area (hereinafter, Major Disaster Area). There are 56 insured depository institutions headquartered within the Major Disaster Area, of which the FDIC is the primary federal regulator for 46. Furthermore, another 29 insured institutions have branches located within the Major Disaster Area, of which the FDIC is the primary federal regulator for 20. When all facilities are included, there are over 700 individual headquarters or branch locations of depository institutions within the 22-parish Major Disaster Area. Bank facilities have been damaged as well.

On August 15, 2016, the FDIC published FIL-54-2016, *Guidance to Help Financial Institutions and to Facilitate Recovery in Areas of Louisiana Affected by Severe Storms and Flooding*, to provide guidance to financial institutions and to facilitate recovery in areas of Louisiana affected by the severe storms and flooding. In that FIL, the FDIC encouraged institutions to work constructively with borrowers experiencing difficulties because of damage caused by the severe weather and stated that the FDIC would provide regulatory assistance to institutions subject to its supervision. On September 2, 2016, the FDIC also published FIL-59-2016, *Meeting the*

*Financial Needs of Customers Affected by Storms and Flooding in Louisiana*, and further encouraged depository institutions to consider all reasonable and prudent steps to assist customers in communities affected by recent storms and flooding in Louisiana.

Under the Depository Institution Disaster Relief Act of 1992 (DIDRA),[1] which added section 1123 to Title XI of FIRREA, the Board has statutory authority to waive appraisal requirements to assist institutions operating within the affected area in the recovery effort. The Board exercised this authority in 2005 to facilitate relief efforts after Hurricanes Katrina and Rita.

**<u>Summary of the Depository Institution Disaster Relief Act and Statutory Requirements</u>**

Section 1123 of FIRREA, as added by section 2 of DIDRA, provides the FDIC, OCC, FRB, and NCUA with the authority to waive certain appraisal rules if specific statutory requirements are met.[2] Under section 1123, each Federal financial institution regulatory agency may, by regulation or order, make exceptions to appraisal requirements set forth in FIRREA for transactions involving institutions for which the agency is the primary Federal regulator with respect to real property located within a designated disaster area, if the agency: (1) makes the exception not later than 30 months after the date on which the President determines, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act,[3] that a major disaster exists in the area; and (2) determines that the exception (a) would facilitate recovery from the major disaster and (b) is consistent with safety and soundness.

The Agencies have determined that the disruption of real estate markets in the Major Disaster Area interferes with the ability of insured depository institutions to obtain appraisals that comply with FIRREA and the implementing regulations. Further, the Agencies have concluded that providing institutions with exceptions from compliance with these statutory and regulatory requirements would facilitate recovery in the Major Disaster Area.[4] Issuance of the FR Statement and Order would exempt real estate transactions in the Major Disaster Area from all requirements of Title XI of FIRREA and Part 323 from the date of the August 14, 2016 declaration until December 31, 2017.

However, the FDIC (and the OCC, FRB, and NCUA) would continue to require that lenders make loans that are consistent with safe and sound banking principles. Specifically, financial institutions relying on the appraisal exemption would be required to determine and maintain documentation that: (1) the transaction involves real property located in one of the 22 parishes declared a major disaster area as a result of severe storms and flooding in Louisiana by the President on August 14, 2016 (identified in the Appendix); (2) there is a binding commitment to fund a transaction that was entered into on or after August 14, 2016 (the date the President made the major disaster declaration), but no later than December 31, 2017; and (3) the value of the real property supports the institution's decision to enter into the transaction.

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[1] Pub. L. No. 102-485 (Oct. 23, 1992).
[2] 12 U.S.C. § 3352.
[3] 42 U.S.C. § 5170.
[4] In addition, 12 C.F.R. § 303.12 provides that the Board may waive the applicability of any FDIC regulatory provision for good cause and to the extent permitted by statute.

**Recommendation**

Given the nature and extent of the devastation from the flooding in Louisiana, the determination that relief from the appraisal requirements would facilitate recovery in the affected area, and the provisions to ensure loans are made on a safe and sound basis, staff recommends the Board approve the attached Resolution to adopt and authorize the publication in the *Federal Register* of the attached FR Statement and Order. If approved by the Board, and subject to the other Agencies' approval processes, the FR Statement and Order would be published jointly by the Agencies in the Federal Register.

RMS Contact: Suzy Gardner, Senior Examiner (202) 898-3640

Legal Contacts: Ben Gibbs, Counsel (202) 898-6726
Kim Stock, Counsel (202) 898-3815

**CONCUR:**

Charles Yi
General Counsel
Legal Division

Attachments

**DEPARTMENT OF THE TREASURY**
**Office of the Comptroller of the Currency**
**[Docket No. ]**
**12 CFR Part 34**

**FEDERAL RESERVE SYSTEM**
**[Docket No. ]**
**12 CFR Part 225**

**FEDERAL DEPOSIT INSURANCE CORPORATION**
**12 CFR Part 323**

**NATIONAL CREDIT UNION ADMINISTRATION**
**12 CFR Part 722**

# Temporary Exceptions to FIRREA Appraisal Requirements in Areas Affected by Severe Storms and Flooding in Louisiana

**AGENCIES**: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and National Credit Union Administration (NCUA), collectively referred to as the Agencies.

**ACTION**: Statement and Order; temporary exceptions.

**SUMMARY**: Section 2 of the Depository Institutions Disaster Relief Act of 1992 (DIDRA) authorizes the Agencies to make exceptions to statutory and regulatory appraisal requirements under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The exceptions are available for transactions involving real property located within an area declared to be a major disaster area by the President if the Agencies determine, and describe by publication of a regulation or order, that the exceptions would facilitate recovery from the disaster and would be consistent with safety and soundness. In this statement and order, the Agencies exercise their authority to temporarily grant exceptions to the FIRREA appraisal requirements for real estate related transactions, provided certain criteria are met, in the Louisiana parishes declared a major disaster area by President Obama on August 14, 2016, as a result of the severe storms and flooding in Louisiana. The expiration date for the exceptions is December 31, 2017.

**DATES**: This order is effective on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and expires for specific areas on December 31, 2017.

**FOR FURTHER INFORMATION CONTACT:**

OCC: Robert Parson, Senior Appraisal Policy Advisor, Chief National Bank Examiner's Office, at (202) 649-6423; Kevin Lawton, Appraisal Specialist, Chief National Bank Examiner's Office, at (202) 649-7152; Christopher Manthey, Special Counsel, Chief Counsel's Office, at (202) 649-6203; or Mitchell Plave, Special Counsel, Chief Counsel's Office, at (202) 649-6285.

Board: Carmen D. Holly, Senior Supervisory Financial Analyst, Division of Banking Supervision and Regulation at 202-973-6122; Gillian Burgess, Counsel, Legal Division, at (202) 736-5564.

FDIC: Beverlea S. Gardner, Senior Examination Specialist, Division of Risk Management and Supervision, at (202) 898-3640; Benjamin K. Gibbs, Counsel, Legal Division, at (202) 898-6726; or Kimberly Stock, Counsel, Legal Division, at (202) 898-3815, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.

NCUA: D. Scott Neat, Director of Supervision, Office of Examination and Insurance, at (703) 518-6363; John Brolin, Staff Attorney, Office of General Counsel, at (703) 518-6438, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314.

**SUPPLEMENTARY INFORMATION:**

**Statement**

Section 2 of DIDRA, which added section 1123 to Title XI of FIRREA,[1] authorizes the Agencies to make exceptions to statutory and regulatory appraisal requirements for certain transactions. These exceptions are available for transactions involving real property located in areas in which the President has determined a major disaster exists, pursuant to 42 U.S.C. 5170, provided that the exception would facilitate recovery from the major disaster and is consistent with safety and soundness.

On August 14, 2016, the President declared that 22 parishes in Louisiana were in a major disaster area (Major Disaster Area) due to extensive damage that occurred as a result of severe storms and subsequent flooding.[2] The Agencies believe that granting relief from the appraisal requirements set forth in Title XI of FIRREA for real estate transactions in the Major Disaster Area is consistent with the provisions of DIDRA.

*Facilitation of Recovery from the Storms and Flooding Declared as Major Disaster*

The Agencies have determined that the disruption of real estate markets in the Major Disaster Area interferes with the ability of depository institutions to obtain appraisals that comply with all statutory and regulatory requirements. Further, the Agencies have determined that the disruption may impede institutions in making loans and engaging in other transactions

[1] 12 U.S.C. 3352
[2] Press Release, The White House (Aug. 14, 2016), *available at* https://www.whitehouse.gov/the-press-office/2016/08/14/president-obama-signs-louisiana-disaster-declaration.

that would aid in the reconstruction and rehabilitation of the affected area. Accordingly, the Agencies have determined that recovery from this major disaster would be facilitated by exempting certain transactions involving real estate located in the area directly affected by the severe storms and flooding from the real estate appraisal requirements of Title XI of FIRREA and its implementing regulations.[3]

*Consistency with Safety and Soundness*

The Agencies also have determined that the exceptions are consistent with safety and soundness, subject to the requirement that the depository institution determines and documents the following: (1) the transaction involves real property located in the Major Disaster Area; (2) there is a binding commitment to fund the transaction that was entered into on or after August 14, 2016, but no later than December 31, 2017; and (3) the value of the real property supports the institution's decision to enter into the transaction. In addition, the transaction must continue to be subject to review by management and by the Agencies in the course of examinations of the institution.

**Expiration Date**

Exceptions made under section 1123 of FIRREA may be provided for no more than three years after the President determines that a major disaster exists in the area.[4] The Agencies have determined that the exceptions provided for by this order shall expire on December 31, 2017.

**Order**

In accordance with section 2 of DIDRA, relief is hereby granted from the provisions of Title XI of FIRREA and the Agencies' appraisal regulations for any real estate-related financial transaction that requires the services of an appraiser under those provisions, provided that the institution determines, and maintains documentation made available to the Agencies upon request, of the following:

(1) The transaction involves real property located in one of the 22 parishes declared a major disaster area as a result of severe storms and flooding in Louisiana by the President on August 14, 2016 (identified in the Appendix);

(2) There is a binding commitment to fund a transaction that was entered into on or after August 14, 2016, but no later than December 31, 2017; and

(3) The value of the real property supports the institution's decision to enter into the transaction.

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[3] 12 U.S.C. 3331-3355; 12 CFR 34.41 – 34.47 (OCC); 12 CFR 225.61 – 225.67 (Board); 12 CFR Part 323, Subpart A (FDIC); 12 CFR Part 722 (NCUA).

[4] 12 U.S.C. 3352(b).

**Appendix (Major Disaster Area)**

**Designated Parishes:** Acadia, Ascension, Avoyelles, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson Davis, Lafayette, Livingston, Pointe Coupee, St. Helena, St. James, St. Landry, St. Martin, St. Tammany, Tangipahoa, Vermilion, Washington, West Baton Rouge and West Feliciana.

[THIS SIGNATURE PAGE RELATES TO THE JOINT FINAL STATEMENT AND ORDER CONCERNING THE WAIVER OF APPRAISAL REQUIREMENTS.]

Dated:

______________________________

Thomas J. Curry
Comptroller of the Currency

[THIS SIGNATURE PAGE RELATES TO THE JOINT FINAL STATEMENT AND ORDER CONCERNING THE WAIVER OF APPRAISAL REQUIREMENTS.]

[FEDERAL RESERVE SIGNATURE PAGE]

[THIS SIGNATURE PAGE RELATES TO THE JOINT FINAL STATEMENT AND ORDER CONCERNING THE WAIVER OF APPRAISAL REQUIREMENTS.]

Dated at Washington, D.C., this __th day of October, 2016.
By order of the Board of Directors.
Federal Deposit Insurance Corporation.

______________________________

Robert E. Feldman,
Executive Secretary.

[THIS SIGNATURE PAGE RELATES TO THE JOINT FINAL STATEMENT AND ORDER CONCERNING THE WAIVER OF APPRAISAL REQUIREMENTS.]

Dated at Alexandria, VA, this __th day of October, 2016.
By order of the Board of Directors.
National Credit Union Administration.

______________________________
Gerard Poliquin
Secretary of the Board

TO: All Interested Parties

FROM: Joseph C. Traynor, Chair
Appraiser Qualifications Board

RE: Second Exposure Draft of **Proposed Changes to the *Real Property Appraiser Qualification Criteria***

DATE: September 15, 2016

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On January 1, 2015, changes to the *Real Property Appraiser Qualification Criteria* (*Criteria*) became effective. These changes were adopted by the Appraiser Qualifications Board (AQB) in December 2011, following an 18-month period in which five exposure drafts were issued for public comment.

In response to recent concerns voiced by stakeholders over changes in the real property appraiser marketplace, the AQB has been examining potential areas of change to the *Criteria*. This examination commenced in earnest with a Concept Paper that was issued in July 2015, followed by a Public Hearing in Washington, DC in October 2015.

On February 11, 2016, the AQB issued a Discussion Draft – Potential Areas of Change to the *Real Property Appraiser Qualification Criteria.* In response to the Discussion Draft, the AQB received over 270 written comments, as well as a number of verbal comments at a public meeting held in Phoenix, Arizona on April 8, 2016.

The AQB subsequently issued the First Exposure Draft of Proposed Changes to the *Criteria* on May 18, 2016, which took into consideration all comments received up to that time, and which focused on five major topic areas:

- Alternative Track for Licensed Residential to Certified Residential
- Enhanced Practicum Curriculum
- Documenting Alternative Experience
- “Trainee” Nomenclature
- Three-Year Supervisory Residency Requirement

After considering all of the feedback received from the First Exposure Draft, as well as that from its prior outreach efforts, the AQB is addressing the topics contained in the First Exposure Draft as follows:

- **Alternative Track for Licensed Residential to Certified Residential**: Section 1 of this document addresses the college-level education requirements that were related to this topic. The remaining issues involving this topic will be addressed in an upcoming Concept Paper.

- **Enhanced Practicum Curriculum**: Section 2 of this document concerns developing future specific course guidelines for the *Practical Applications of Real Estate*, including proposing changes to Guide Note 4 (GN-4) of the *Criteria*. The courses would be designed for use by colleges and universities, professional organizations, and proprietary schools.

- **Documenting Alternative Experience**: Section 3 of this document addresses the portion of this topic related to the number of hours of experience required for the Licensed Residential, Certified Residential, and Certified General classifications. The Board has concluded its consideration of allowing experience from alternative professions and will not be moving forward with proposals related to that portion of this topic.

- **"Trainee" Nomenclature**: The *Criteria* already includes a provision for the use of alternative terms; therefore, the Board will not be pursuing *Criteria* changes related to this topic. The Board intends to issue one or more Q&As on this topic for clarification.

- **Three-Year Supervisory Residency Requirement**: At its public meeting on June 24, 2016, the Board adopted the proposed revisions contained in the First Exposure Draft, effective July 1, 2016.

**All interested parties are encouraged to comment in writing to the AQB before November 4, 2016. The AQB will also accept verbal comments at its public meeting in St. Louis, Missouri on Friday, November 18, 2016.** Respondents should be assured that each member of the AQB will thoroughly read and consider all comments.

Written comments on this exposure draft can be submitted by mail, email and facsimile.

Mail: Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: aqbcomments@appraisalfoundation.org

Facsimile: (202) 347-7727

**IMPORTANT NOTE: All written comments will be posted for public viewing, exactly as submitted, on the website of The Appraisal Foundation. Names may be redacted upon request.**

**The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.**

If you have any questions regarding the attached exposure draft, please contact Magdalene Vasquez, Qualifications Administrator at The Appraisal Foundation, via e-mail at magdalene@appraisalfoundation.org or by calling (202) 624-3074.

## Second Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria* (*Criteria*)

**Issued: September 15, 2016**
**Comment Deadline: November 4, 2016**

Each section of this exposure draft begins with a rationale for the proposed changes. The rationale is identified as such and does not have line numbering. Where proposed changes to the *Criteria* are noted, the exposure draft contains line numbers. This difference is intended to distinguish for the reader those parts that explain the changes from the proposed changes themselves.

When commenting on the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues the AQB should consider.

Where text is to be deleted from what currently appears in the *Real Property Appraiser Qualification Criteria*, that text is shown as strikeout. For example: ~~This is strikeout text proposed for deletion.~~ Text added to what currently appears in the *Real Property Appraiser Qualification Criteria* is underlined. For example: This is text proposed for insertion.

The primary mission of the AQB is to protect public trust in the appraisal profession. As such, the Board anticipates multiple exposure drafts to adequately vet the significant issues contained in this document. Depending on the feedback received and timing of any subsequent exposure drafts, the AQB anticipates that any changes, if adopted, will go into effect no sooner than January 1, 2018.

**Second Exposure Draft:**
**Potential Changes to the**
***Real Property Appraiser Qualification Criteria***

**Issued: September 15, 2016**
**Comment Deadline: November 4, 2016**

Each section of this document identifies the area(s) of the *Criteria* being considered for potential changes.

When commenting on various aspects of the discussion paper, it is very helpful to fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues that the AQB should consider.

For ease in identifying the various issues being addressed, this exposure draft is presented in sections.

## TABLE OF CONTENTS

## Section 1: Licensed Residential and Certified Residential College-Level Education Requirements

**Rationale**

As indicated in the First Exposure Draft, the AQB has heard concerns that the college-level education required for the Licensed Residential credential and Bachelor's degree required for the Certified Residential credential as of January 1, 2015, may not be necessary qualifications to maintain and promote public trust in the appraisal profession. Although there have been few exceptions, most respondents feel a Bachelor's degree is an appropriate requirement for the Certified General credential. As stated in the First Exposure Draft, the AQB recognizes there may be other avenues for individuals to demonstrate the academic ability required for Licensed Residential and Certified Residential appraisers.

After considering the comments received in response to the First Exposure Draft and prior outreach efforts, the AQB is proposing removing the college-level education requirement for the Licensed Residential credential in its entirety. In addition, the AQB is proposing changing the Bachelor's degree requirement for the Certified Residential credential to an Associate's degree. The AQB is also proposing allowing two alternative methods to demonstrate academic proficiency for the Certified Residential credential.

A detailed job analysis survey conducted by the AQB in 2014 identified many specific skills required for residential appraisal, including analytical, mathematical, and written communication skills. While an individual with an Associate's degree (or higher) has demonstrated proficiency in these academic areas by virtue of the degree, the AQB believes sufficient equivalent proficiency can be demonstrated by other means.

For the Certified Residential classification, the AQB is proposing three options for an individual to demonstrate specific college-level equivalency. The first option is the attainment of an Associate's degree or higher. The second option is to pass[1] College-Level Examination Program (CLEP) exams equivalent to a minimum of 21 semester credit hours in specified subject matter areas. CLEP is a well-recognized testing program accepted by 2,900 colleges and universities.[2] The specific subject areas necessary to protect the public trust include:

- College Algebra
- College Composition
- College Composition Modular
- College Mathematics
- Principles of Macroeconomics
- Principles of Microeconomics
- Introductory Business Law

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1 CLEP exams involve "scaled scoring" without a pass/fail result. Applicants would be required to achieve exam scores that meet the minimums required to grant college credit at duly accredited colleges and universities.

2 www.collegeboard.org

These specific CLEP exams are available at many testing centers across the country and will serve to demonstrate an individual possesses the academic skills required to preserve and maintain public trust in the appraisal profession.

A third option in lieu of an Associate's degree would allow an applicant seeking the Certified Residential credential to document successful completion of 21 semester hours of specific collegiate courses from an accredited college, junior college, community college, or university. The specific subject matters proposed are:

- English Composition (6 semester hours)
- Economics or Finance (6 semester hours)
- Algebra, Geometry, Statistics, or higher mathematics (6 semester hours)
- Business Law or Real Estate Law (3 semester hours)

Any combination of CLEP tests and college semester hours would satisfy the requirement, provided all of the topics were covered.

The intent of the proposed revisions would also permit a mixture of traditional college courses, as outlined above, and the equivalent CLEP exam(s) for the specific subject matter. For example, an individual would receive the same credit for the 3 semester hours of Algebra, Geometry, Statistics, or higher mathematics by either taking a traditional college course or successfully completing the College Algebra CLEP exam.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

### III. Qualifying Education

~~A. Applicants for the Licensed Residential credential shall successfully complete 30 semester hours of college-level education from an accredited college, junior college, community college, or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. If an accredited college or university accepts the College-Level Examination Program® (CLEP) and examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.~~

~~Applicants holding an Associate degree, or higher, from an accredited college, junior college, community college, or university satisfy the 30-hour college-level education requirement.~~

~~Applicants with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:~~

- ~~An accredited, degree-granting domestic college or university;~~
- ~~The American Association of Collegiate Registrars and Admissions Officers (AACRAO);~~
- ~~A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or~~
- ~~A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.~~

~~B~~A. The Licensed Residential Real Property Appraiser classification requires completion of one hundred fifty (150) creditable class hours as specified in the *Required Core Curriculum*. As part of the 150 required hours, the applicant shall successfully complete the *15-Hour National USPAP Course*, or its AQB-approved equivalent, and successfully pass the examination. There is no alternative to successful completion of the USPAP Course and examination.

~~C. For college-level courses taken in a quarterly system versus a semester system, one quarter hour credit is equivalent to .67 semester credit hours. Conversely, one semester credit hour is equivalent to 1.5 quarter credit hours. For example, to satisfy the 30 semester credit hour requirement for the Licensed Residential Real Property Appraiser classification, an applicant needs to successfully pass those applicable courses that generate 45 quarter credit hours, (i.e. 30 semester credit hours x 1.5 conversion factor).~~

~~D~~B. Appraisers holding a valid **Trainee Appraiser** credential may satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential by completing the following additional educational hours:

| | |
|---|---|
| 1. Residential Market Analysis and Highest and Best Use | 15 Hours |
| 2. Residential Appraiser Site Valuation and Cost Approach | 15 Hours |
| 3. Residential Sales Comparison and Income Approaches | 30 Hours |
| 4. Residential Report Writing and Case Studies | 15 Hours |
| **TOTAL** | **75 Hours** |

~~E. **Trainee Appraisers** wishing to change to the Licensed Residential Real Property Appraiser classification must also satisfy the college level education requirements as specified in III.A.~~

~~F~~C. Appraisers holding a valid **Certified Residential Real Property Appraiser** credential satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential.

~~G~~D. Appraisers holding a valid **Certified General Real Property Appraiser** credential satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential.

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

### III. Qualifying Education

A. Applicants for the Certified Residential credential must ~~hold a Bachelor's degree, or higher, from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.~~ satisfy at least one of the following four options (III.A.1, III.A.2, III.A.3, or III.A.4):

1. Hold an Associate's degree, or higher, from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

   Applicants with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:

   - An accredited, degree-granting domestic college or university;
   - The American Association of Collegiate Registrars and Admissions Officers (AACRAO);
   - A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or
   - A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.

2. Successful completion of at least 21 hours of College Level Examination Program® (CLEP®) examinations from the following subject matter areas:

   A. College Algebra
   B. College Composition
   C. College Composition Modular
   D. College Mathematics
   E. Principles of Macroeconomics
   F. Principles of Microeconomics
   G. Introductory Business Law

3. Successful completion of all courses in specific topic areas listed below from an accredited college, junior college, community college, or university:

   A. English Composition (6 semester hours)
   B. Economics or Finance (6 semester hours)
   C. Algebra, Geometry, or higher mathematics (6 semester hours)
   D. Business or Real Estate Law (3 semester hours)

4. Any combination of III.A.2 and III.A.3 above that includes all of the topics identified.

<table>
<tr><th colspan="2">Degree, CLEP or in Lieu Requirements</th></tr>
<tr><td colspan="2">Associate’s Degree<br>OR<br>At least 21 semester hours in any combination of:</td></tr>
<tr><td>CLEP Exams in the following topics/hours:<br>• College Algebra (3 semester hours)<br>• College Composition (6 semester hours)<br>• College Composition Modular (3 semester hours)<br>• College Mathematics (6 semester hours)<br>• Principles of Macroeconomics (3 semester hours)<br>• Principles of Microeconomics (3 semester hours)<br>• Introductory Business Law (3 semester hours)</td><td>College Education in the following topics/hours:<br>• English Composition (6 semester hours)<br>• Economics or Finance (6 semester hours)<br>• Algebra, Geometry, Statistics, or higher mathematics (6 semester hours)<br>• Business Law or Real Estate Law (3 semester hours)<br><br>*A combination of CLEP and college courses can be taken provided all college topics are successfully completed either via a college course or CLEP exam.</td></tr>
</table>

**Equivalency Table**

| CLEP Exams | CLEP Exam Semester Hours | Applicable College Courses |
|---|---|---|
| College Algebra | 3 | Algebra, Geometry, Statistics, or higher mathematics |
| College Composition | 6 | English Composition |
| College Composition Modular | 3 | English Composition |
| College Mathematics | 6 | Algebra, Geometry, Statistics, or higher mathematics |
| Principles of Macroeconomics | 3 | Economics or Finance |
| Principles of Microeconomics | 3 | Economics or Finance |
| Introductory Business Law | 3 | Business Law or Real Estate Law |

## Section 2: Practical Applications of Real Estate Appraisal

Responses to the *Practical Applications of Real Estate Appraisal*, previously titled as "Enhanced Practicum Curriculum" in the First Exposure Draft, were moderate and varied. Respondents were mixed in their support or non-support for this alternative type of experience. As discussed in the First Exposure Draft, a practical applications course would involve classroom hours in a traditional semester format utilizing case studies as a means of gaining necessary experience. There would likely be a series of courses appraisers can take to obtain experience for the Licensed Residential classification, as well as a series for both the Certified Residential and Certified General classifications.

The courses would ideally be taken in conjunction with an internship involving a practicing appraiser. Applicants would be eligible for these course offerings after completion of all of the qualifying education required for the respective classification level they would be seeking. The classes would encompass the methodology and theory learned in the previously completed qualifying education.

Those in support of this alternative path to experience believed in the concept because it could afford an experience quota in a profession where gaining experience with supervisory appraisers has become increasingly difficult. In addition, it would provide a consistent form of instruction. Those with misgivings regarding this concept questioned the economic viability for both course providers and students. Many viewed this as non-real world experience and objected to its accounting for the entire experience level. Based on the feedback received and consistent with current *Criteria* requirements, this form of alternative experience would be eligible for no more than 50% of the total experience requirement.

After review of the various responses and feedback from public meetings, the AQB has determined that specific course guidelines for the *Practical Applications of Real Estate* should be further evaluated. Guide Note 4 (GN-4) of the *Criteria* discusses practicum education requirements that can account for up to 50% of the experience requirement. Many respondents voiced their opinion that GN-4 was too restrictive and difficult to comply with. To further develop the *Practical Applications of Real Estate Appraisal* courses, proposed changes to GN-4 will be exposed, including detailed course outlines establishing all course requirements and a structured course outline. There will be prescribed syllabi for the courses. The courses will be designed for use by colleges and universities, professional organizations, and proprietary schools. Several respondents volunteered to assist in developing the practical applications coursework. As the Board proceeds with the rewrite of GN-4, it is likely a panel will be selected to work with the AQB in this endeavor.

Because this venture entails a significant revision and rewrite of the existing GN-4, the formulation of the *Practical Applications of Real Estate Appraisal* will not be included in this exposure draft. It will be developed and exposed in a separate draft.

## Section 3: Experience Requirements

### Rationale

As indicated in the First Exposure Draft, the role experience plays in determining an individual's eligibility for a real estate appraiser credential has been an item of substantial debate. The model that's been in place since the inception of state licensing and certification in the early 1990's, whereby applicants must document completion of education, experience, and an examination, is familiar and seems "natural" to many. The AQB adopted this model because it was, in essence, what was used by professional appraiser organizations for decades beforehand. As a result, whether it's reducing the number of hours of experience needed for a credential or doing away with the experience requirement altogether, there are many who consider such concepts as unacceptable.

Nevertheless, the AQB's charge is to maintain and promote public trust in the appraisal profession by establishing the *minimum* qualifications necessary to obtain a credential. In that regard, the experience requirements in the *Criteria* have not increased since January 1, 1998. However, since that time:

- The number of hours of qualifying education required for a credential has increased dramatically;
- Qualifying education must now follow a specified Required Core Curriculum, including completion of case study and report writing courses;
- Successful completion of each qualifying education course requires a candidate to pass a closed-book, proctored, final examination;
- College-level education is now required;
- Applicants must pass the practice-based *National Uniform Licensing and Certification* examinations, which are far more robust and challenging than the pre-2008 exams were;
- A comprehensive program for instruction related to the *Uniform Standards of Professional Appraisal Practice* (USPAP) has been implemented; and
- There are qualification requirements for supervisory appraisers.

With these enhancements to the education and examination components of the *Criteria*, the AQB believes it is appropriate to consider offering a more balanced approach to the qualifications needed for a credential by reducing the number of hours of experience required. Therefore, the AQB is proposing revising the experience hours required as follows:

- <u>Licensed Residential</u>: 1,000 hours of experience (no minimum time frame)
- <u>Certified Residential</u>: 1,500 hours of experience (no minimum time frame)
- <u>Certified General</u>: 2,000 hours of experience, with at least 1,000 hours in non-residential appraisal (no minimum time frame)

As stated previously in this document, the AQB has elected to discontinue the examination of whether experience obtained in other professions should qualify towards a real property appraiser credential. While the AQB believes some professions may offer experience that would benefit an appraiser, quantifying and reconciling such experience, as it relates to appraising, would be tremendously difficult.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

### IV. Experience

~~Two thousand (2,000)~~ One thousand (1,000) hours of experience are required ~~to be obtained in no fewer than 12 months~~.

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

### IV. Experience

~~Two thousand five hundred (2,500)~~ One thousand five hundred (1,500) hours of experience ~~obtained during no fewer than twenty-four (24) months is~~ are required. ~~While the hours may be cumulative, the required number of months must accrue before an individual can be certified.~~

## CERTIFIED GENERAL REAL PROPERTY APPRAISER

### IV. Experience

~~Three thousand (3,000)~~ Two thousand (2,000) hours of experience ~~obtained during no fewer than thirty (30) months is~~ are required, of which ~~one thousand five hundred (1,500)~~ one thousand (1,000) hours must be in non-residential appraisal work. ~~While the hours may be cumulative, the required number of months must accrue before an individual can be certified.~~

October 12, 2016

**VIA Email**

Ms. Margaret Hambleton, Chair
Appraisal Standards Board
The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005

Dear Chair Hambleton:

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Appraisal Standards Board (ASB) Second Exposure Draft of Proposed Changes for the 2018-2019 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). The following comments reflect the opinions of ASC staff, not the opinions of the ASC or its member agencies.

Regarding lines 24-26 and lines 67-70 of the Exposure Draft:

While certain clients and intended users of appraisal assignments may benefit from these proposed changes, we are concerned that the majority of users of appraisal services and the public may be confused about the appropriate use of preliminary or draft reports, and could be harmed by the lack of a requirement to retain copies of these documents in the appraiser's work file. For example, some users of appraisal services may be encouraged to require draft reports in advance of the final Report as a routine practice for some types of transactions. In addition, if it becomes common practice for appraisers to only retain the final draft or "Report" in their work file, States may be less able to effectively investigate appraisal matters and appraisers may be less able to defend themselves. It is difficult to see how these proposed changes do not, at a minimum, create a pathway for attempts to compromise appraiser independence.

We understand that appraisers currently may provide draft reports. However, this practice is largely regulated by State law. A number of States use language in their statutes and regulations that is similar to the definition of appraisal report from USPAP as it exists today: "any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client upon completion of an assignment." This definition has essentially remained the same since 1987. Over the past 29 years, States have embedded this definition in their statutes, regulations, policies and procedures. Therefore, conflicts may arise with the new language requiring amendments to State law, regulations, policies and procedures. Some States may view these changes as limiting their ability to adequately protect their constituents and may elect not to change their definition(s).

The Rationale indicates that the problem the ASB is trying to solve is the following:

> Enforcement officials and others have voiced concerns about appraisers who issue multiple documents (some with a signed certification) in an assignment and the attempt to disavow responsibility for prior iterations because they were not transmitted "upon completion of the assignment" as specified in the current USPAP definition of report.

ASC staff is not aware of this issue being a widespread enforcement impediment. This may be a matter better left to State enforcement or business practices rather than initiating a change to USPAP. Appraisers and their clients should be encouraged to establish when a service is complete through negotiated contractual agreements, not as a matter of appraisal standards.

Finally, ASC staff commends the ASB for the proposed addition of Advisory Opinion 37, *Computer Assisted Valuation Tools,* given the advances in appraisal technology, but questions whether retirement of Advisory Opinion 18, *Use of an Automated Valuation (AVM) Model*, would be premature. Advisory Opinion 18 includes information that is currently valuable to appraisers and users of appraisal services.

Sincerely,

James R. Park
Executive Director

# 2016 Annual Employee Survey Results For Appraisal Subcommittee

1. **Interpretation of Results:** (to be written by agency)
2. **How the survey was conducted:** The survey was conducted online from August 22, 2016, to September 9, 2016.
3. **Description of sample:** All 12 full-time permanent employees of the agency were surveyed.
4. **Survey items and response choices:** See the tables on the following pages.
5. **Number of employees surveyed, number who responded, and representativeness of respondents:** Of the 12 employees surveyed, 11 responded, for a 92% response rate. These respondents are representative of the population.

# 2016 Annual Employee Survey Results For Appraisal Subcommittee

Surveys Sent: 12 Surveys Returned: 11 Response Rate: 92%

| Prescribed Questions: Personal Work Experiences | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Item Text** | | **Strongly Agree** | **Agree** | **Neither** | **Disagree** | **Strongly Disagree** | | **Total** |
| 1. The people I work with cooperate to get the job done. | Frequencies | 7 | 3 | 1 | 0 | 0 | | 11 |
| | Percentages | 63.6% | 27.3% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 2. I am given a real opportunity to improve my skills in my organization. | Frequencies | 6 | 2 | 3 | 0 | 0 | | 11 |
| | Percentages | 54.5% | 18.2% | 27.3% | 0.0% | 0.0% | | 100.0% |
| 3. My work gives me a feeling of personal accomplishment. | Frequencies | 5 | 5 | 1 | 0 | 0 | | 11 |
| | Percentages | 45.5% | 45.5% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 4. I like the kind of work I do. | Frequencies | 6 | 4 | 1 | 0 | 0 | | 11 |
| | Percentages | 54.5% | 36.4% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 5. I have trust and confidence in my supervisor. | Frequencies | 6 | 3 | 1 | 1 | 0 | | 11 |
| | Percentages | 54.5% | 27.3% | 9.1% | 9.1% | 0.0% | | 100.0% |
| **Item Text** | | **Very Good** | **Good** | **Fair** | **Poor** | **Very Poor** | | **Total** |
| 6. Overall, how good a job do you feel is being done by your immediate supervisor? | Frequencies | 6 | 3 | 2 | 0 | 0 | | 11 |
| | Percentages | 54.5% | 27.3% | 18.2% | 0.0% | 0.0% | | 100.0% |

## 2016 Annual Employee Survey Results For
## Appraisal Subcommittee

Surveys Sent: 12 | Surveys Returned: 11 | Response Rate: 92%

**Prescribed Questions: Recruitment, Development, & Retention**

| Item Text | | Strongly Agree | Agree | Neither | Disagree | Strongly Disagree | Do Not Know | Total |
|---|---|---|---|---|---|---|---|---|
| 7. The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals. | Frequencies | 5 | 5 | 1 | 0 | 0 | 0 | 11 |
| | Percentages | 45.5% | 45.5% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 8. My work unit is able to recruit people with the right skills. | Frequencies | 4 | 4 | 2 | 1 | 0 | 0 | 11 |
| | Percentages | 36.4% | 36.4% | 18.2% | 9.1% | 0.0% | | 100.0% |
| 9. I know how my work relates to the agency's goals and priorities. | Frequencies | 6 | 4 | 0 | 1 | 0 | 0 | 11 |
| | Percentages | 54.5% | 36.4% | 0.0% | 9.1% | 0.0% | | 100.0% |
| 10. The work I do is important. | Frequencies | 4 | 6 | 1 | 0 | 0 | 0 | 11 |
| | Percentages | 36.4% | 54.5% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 11. Physical conditions (for example, noise level, temperature, lighting, cleanliness in the workplace) allow employees to perform their jobs well. | Frequencies | 7 | 3 | 0 | 0 | 0 | 1 | 10 |
| | Percentages | 70.0% | 30.0% | 0.0% | 0.0% | 0.0% | | 100.0% |
| 12. Supervisors in my work unit support employee development. | Frequencies | 7 | 2 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 63.6% | 18.2% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 13. My talents are used well in the workplace. | Frequencies | 6 | 3 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 54.5% | 27.3% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 14. My training needs are assessed. | Frequencies | 5 | 4 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | | 100.0% |

## 2016 Annual Employee Survey Results For
## Appraisal Subcommittee

Surveys Sent: 12 | Surveys Returned: 11 | Response Rate: 92%

| Prescribed Questions: Performance Culture | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Item Text** | | **Strongly Agree** | **Agree** | **Neither** | **Disagree** | **Strongly Disagree** | **Do Not Know** | **Total** |
| 15. Promotions in my work unit are based on merit. | Frequencies | 2 | 4 | 5 | 0 | 0 | 0 | 11 |
| | Percentages | 18.2% | 36.4% | 45.5% | 0.0% | 0.0% | | 100.0% |
| 16. In my work unit, steps are taken to deal with a poor performer who cannot or will not improve. | Frequencies | 3 | 4 | 1 | 2 | 0 | 1 | 10 |
| | Percentages | 30.0% | 40.0% | 10.0% | 20.0% | 0.0% | | 100.0% |
| 17. Creativity and innovation are rewarded. | Frequencies | 3 | 5 | 3 | 0 | 0 | 1 | 11 |
| | Percentages | 27.3% | 45.5% | 27.3% | 0.0% | 0.0% | | 100.0% |
| **Item Text** | | **Strongly Agree** | **Agree** | **Neither** | **Disagree** | **Strongly Disagree** | **No Basis to Judge** | **Total** |
| 18. In my most recent performance appraisal, I understood what I had to do to be rated at different performance levels (e.g., Fully Successful, Outstanding). | Frequencies | 5 | 3 | 1 | 2 | 0 | 0 | 11 |
| | Percentages | 45.5% | 27.3% | 9.1% | 18.2% | 0.0% | | 100.0% |
| **Item Text** | | **Strongly Agree** | **Agree** | **Neither** | **Disagree** | **Strongly Disagree** | **Do Not Know** | **Total** |
| 19. In my work unit, differences in performance are recognized in a meaningful way. | Frequencies | 2 | 4 | 5 | 0 | 0 | 0 | 11 |
| | Percentages | 18.2% | 36.4% | 45.5% | 0.0% | 0.0% | | 100.0% |
| 20. Pay raises depend on how well employees perform their jobs. | Frequencies | 3 | 3 | 2 | 1 | 0 | 2 | 9 |
| | Percentages | 33.3% | 33.3% | 22.2% | 11.1% | 0.0% | | 100.0% |
| 21. My performance appraisal is a fair reflection of my performance. | Frequencies | 5 | 4 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 22. Discussions with my supervisor about my performance are worthwhile. | Frequencies | 6 | 3 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 54.5% | 27.3% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 23. Supervisors work well with employees of different backgrounds. | Frequencies | 4 | 4 | 2 | 0 | 0 | 1 | 11 |
| | Percentages | 40.0% | 40.0% | 20.0% | 0.0% | 0.0% | | 100.0% |
| 24. My supervisor supports my need to balance work and family issues. | Frequencies | 6 | 4 | 0 | 1 | 0 | 0 | 11 |
| | Percentages | 54.5% | 36.4% | 0.0% | 9.1% | 0.0% | | 100.0% |

# 2016 Annual Employee Survey Results For
# Appraisal Subcommittee

Surveys Sent: 12 | Surveys Returned: 11 | Response Rate: 92%

**Prescribed Questions: Leadership**

| Item Text | | Strongly Agree | Agree | Neither | Disagree | Strongly Disagree | Do Not Know | Total |
|---|---|---|---|---|---|---|---|---|
| 25. I have a high level of respect for my organization's senior leaders. | Frequencies | 7 | 1 | 3 | 0 | 0 | 0 | 11 |
| | Percentages | 63.6% | 9.1% | 27.3% | 0.0% | 0.0% | | 100.0% |
| 26. In my organization, leaders generate high levels of motivation and commitment in the workforce. | Frequencies | 4 | 3 | 4 | 0 | 0 | 0 | 11 |
| | Percentages | 36.4% | 27.3% | 36.4% | 0.0% | 0.0% | | 100.0% |
| 27. Managers review and evaluate the organization's progress toward meeting its goals and objectives. | Frequencies | 5 | 4 | 2 | 0 | 0 | 0 | 11 |
| | Percentages | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 28. Employees are protected from health and safety hazards on the job. | Frequencies | 6 | 4 | 0 | 0 | 0 | 1 | 10 |
| | Percentages | 60.0% | 40.0% | 0.0% | 0.0% | 0.0% | | 100.0% |
| 29. Employees have a feeling of personal empowerment with respect to work processes. | Frequencies | 3 | 5 | 2 | 1 | 0 | 0 | 11 |
| | Percentages | 27.3% | 45.5% | 18.2% | 9.1% | 0.0% | | 100.0% |
| 30. My workload is reasonable. | Frequencies | 4 | 6 | 1 | 0 | 0 | 0 | 11 |
| | Percentages | 36.4% | 54.5% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 31. Managers communicate the goals and priorities of the organization. | Frequencies | 5 | 3 | 3 | 0 | 0 | 0 | 11 |
| | Percentages | 45.5% | 27.3% | 27.3% | 0.0% | 0.0% | | 100.0% |
| 32. My organization has prepared employees for potential security threats. | Frequencies | 2 | 5 | 1 | 1 | 0 | 2 | 9 |
| | Percentages | 22.2% | 55.6% | 11.1% | 11.1% | 0.0% | | 100.0% |

# 2016 Annual Employee Survey Results For
# Appraisal Subcommittee

Surveys Sent: 12 | Surveys Returned: 11 | Response Rate: 92%

**Prescribed Questions: Job Satisfaction**

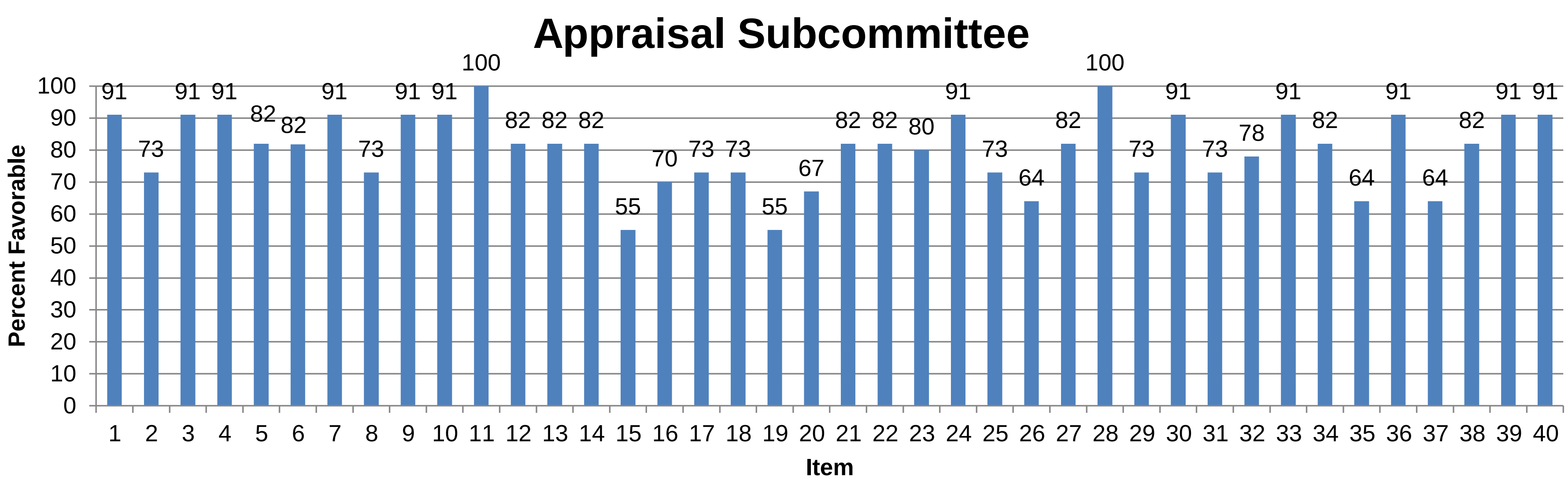
| Item Text | | Very Satisfied | Satisfied | Neither | Dis-satisfied | Very Dis-satisfied | | Total |
|---|---|---|---|---|---|---|---|---|
| 33. How satisfied are you with the information you receive from management on what's going on in your organization? | Frequencies | 4 | 6 | 1 | 0 | 0 | | 11 |
| | Percentages | 36.4% | 54.5% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 34. How satisfied are you with your involvement in decisions that affect your work? | Frequencies | 4 | 5 | 1 | 1 | 0 | | 11 |
| | Percentages | 36.4% | 45.5% | 9.1% | 9.1% | 0.0% | | 100.0% |
| 35. How satisfied are you with your opportunity to get a better job in your organization? | Frequencies | 2 | 5 | 4 | 0 | 0 | | 11 |
| | Percentages | 18.2% | 45.5% | 36.4% | 0.0% | 0.0% | | 100.0% |
| 36. How satisfied are you with the recognition you receive for doing a good job? | Frequencies | 6 | 4 | 1 | 0 | 0 | | 11 |
| | Percentages | 54.5% | 36.4% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 37. How satisfied are you with the policies and practices of your senior leaders? | Frequencies | 5 | 2 | 4 | 0 | 0 | | 11 |
| | Percentages | 45.5% | 18.2% | 36.4% | 0.0% | 0.0% | | 100.0% |
| 38. How satisfied are you with the training you receive for your present job? | Frequencies | 5 | 4 | 2 | 0 | 0 | | 11 |
| | Percentages | 45.5% | 36.4% | 18.2% | 0.0% | 0.0% | | 100.0% |
| 39. Considering everything, how satisfied are you with your job? | Frequencies | 6 | 4 | 1 | 0 | 0 | | 11 |
| | Percentages | 54.5% | 36.4% | 9.1% | 0.0% | 0.0% | | 100.0% |
| 40. Considering everything, how satisfied are you with your pay? | Frequencies | 5 | 5 | 1 | 0 | 0 | | 11 |
| | Percentages | 45.5% | 45.5% | 9.1% | 0.0% | 0.0% | | 100.0% |

**HCAAF Indices**

| Index | % Favorable |
|---|---|
| Leadership and Knowledge Management | 79% |
| Results Oriented Performance Culture | 78% |
| Talent Management | 81% |
| Job Satisfaction | 86% |

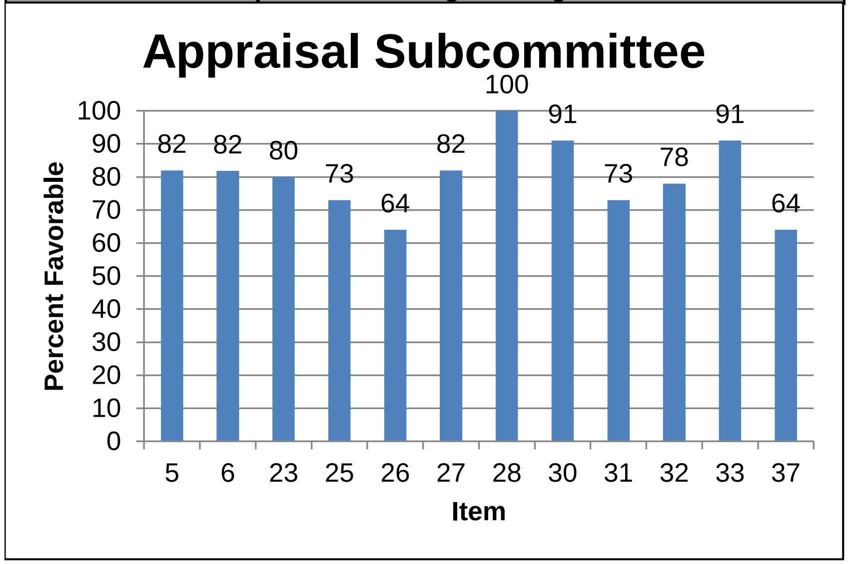
# 2016 Annual Employee Survey Results For
# Appraisal Subcommittee

**All Items**

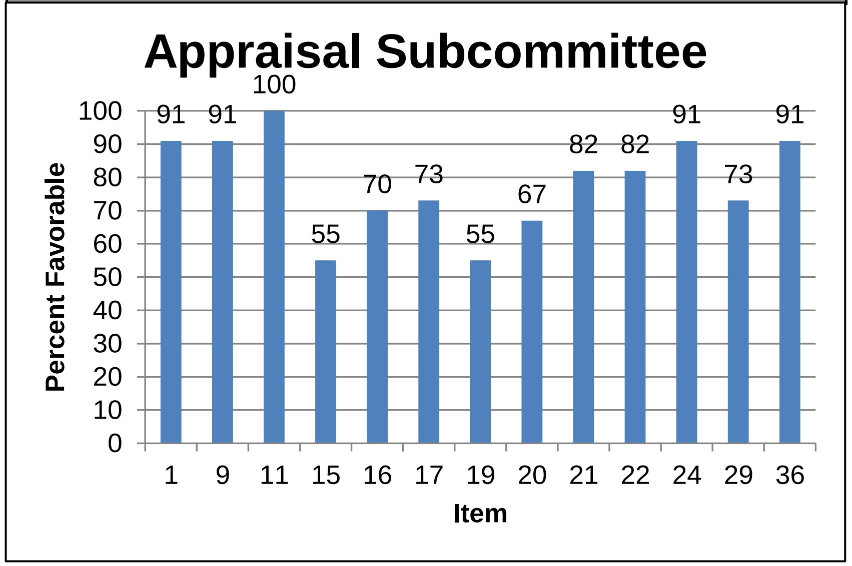


**2016 Annual Employee Survey Results For**
**Appraisal Subcommittee**
**Results by HCAAF Index**

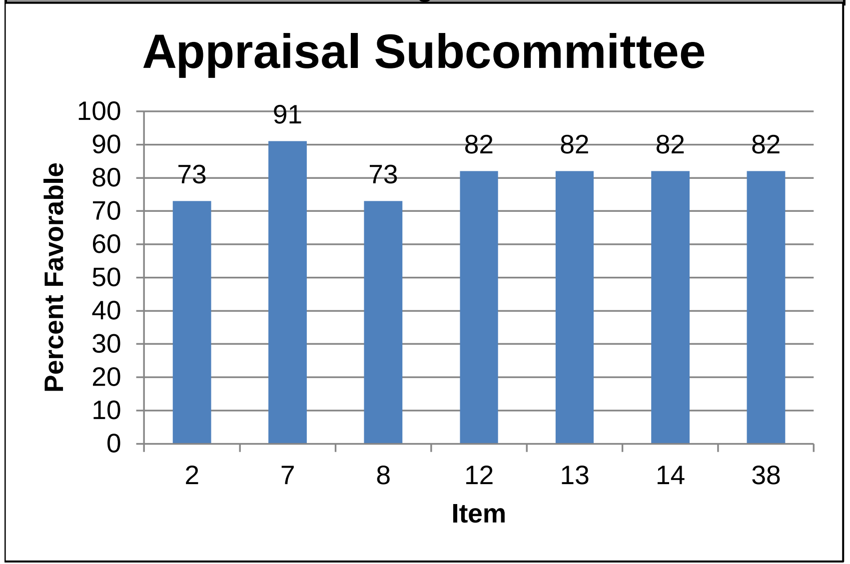
**Leadership and Knowledge Management Items**



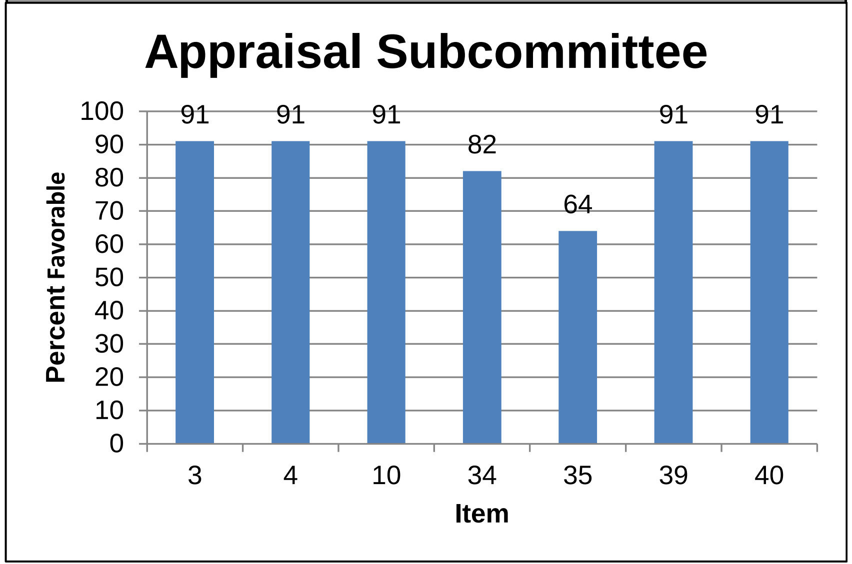

**Results Oriented Performance Culture Items**




**Talent Management Items**




**Job Satisfaction Items**



| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Timothy Mickal<br>Mickal Appraisals & Assoc.<br>6/28/16 | Appraiser | Concern over additional fees and impact on appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Jennifer Schexnayder<br>6/28/16 | Appraiser | Concern over additional fees and impact on appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Mark Larson<br>6/28/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Christine Geering<br>6/30/16 | Appraiser | Discussion of appraisal firms and AMCs. Commenter has quoted language from the AMC Rule on appraisal firms and attributed to this NPRM. | AMCs should not be penalized over other providers of appraisal services. | The issue raised by this commenter was determined in the interagency AMC Rule during the rulemaking process. These issues are not part of this proposed rule. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| William (Tony) Parker<br>Royal Appraisal Services<br>6/30/16 | Appraiser | Concern over additional fees and impact on appraisers. Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Yvonne Gazelle<br>7/2/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Mary Moore<br>7/2/16 | Appraiser | Concern over additional fees and impact on appraisers. Lack of transparency on how much of appraiser fee goes to AMC. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Walter Lears<br>7/5/16 | Appraiser | Support for NPRM but only if rule clarifies it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Toni Bright<br>Coester VMS<br>7/6/16 | AMC | Proposed Rule could cause burden on States and AMCs. | Q. 1 - Define covered v. non-covered transaction. Staggered renewal dates complicates reporting process. Suggest reporting period the same for every State. Concern over burden to AMCs and States to maintain records. Suggest ASC offer grants to States to cover costs.<br>Q. 2 - Supports proposal as having least economic impact to an AMC.<br>Q. 3 - Many AMCs could reduce their panel sizes creating slower turnaround times and fewer appraisers being utilized. | Definitions, including covered transaction, were incorporated by reference from the AMC Rule. The final Rule can pull those definitions and include in the final Rule.<br><br>The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>Based on annual fees paid by the States historically for appraiser registry fees, we recognize States require flexibility to determine the period for reporting and collection of registry fees dependent on their budget cycles, rules and statutes. States vary greatly on the 12-month cycle as well as renewal cycles, which in some States may be 2 years or more. |
| Christine McEntire, Director<br>Stephen C. Walton, Vice-Chair<br>OK Real Estate Apprs. Board<br>7/6/16 | State | Would prefer a flat fee to AMCs rather than based on number of appraisers on panel who performed appraisals for covered transactions for AMC in preceding 12 months. ASC should seek legislative changes to fundamentally flawed 12 U.S.C. 3338 and requests withdrawal of proposed rule until federal statute is changed. | Q. 1 - Charge flat fee to AMCs rather than basing it on number of appraisers used in previous 12 months. ASC should upload data to the AMC Registry in the same manner as is done for the Appraiser Registry. Will generate excessive fees and impose burden on States.<br>Q. 2 and 3 - AMCs may use fewer appraisers for assignments to keep AMC Registry fees down. Fee should be based on panel.<br>Q. 4 - Believes flat fee would be best to avoid any need to verify that AMCs are sending in correct amount. | Q. 1 - The ASC considered a flat fee approach, but determined that such an approach is not supported by the statute. The method for uploading data will be in the same manner as is done for the Appraiser Registry, with the intention of developing ways in the future to minimize burden to the States as well as expedite current information entries on the Registries. The ASC will continue working with States to minimize burden.<br>Q. 2 and 3 - While the ASC recognizes this potential, it has proposed what is believed to be the minimum fee consistent with the statute.<br>Q. 4 - See above. It is up to the State to determine whether to verify AMC numbers, or alternatively rely on honor system subject to complaints.<br><br>(continued) |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Continued:<br>Christine McEntire, Director<br>Stephen C. Walton, Vice-Chair<br>OK Real Estate Apprs. Board<br>7/6/16 | | | Q. 5 - OK does not believe that it has any legal authority to require a federally-regulated AMC to provide information to the State or pass fees through to the ASC. ASC should deal with those entities directly. ASC should seek legislative changes to fundamentally flawed 12 U.S.C. 3338 and requests withdrawal of proposed rule until federal statute is changed.<br>Q. 6- Invoicing should be done in the same manner as the Appraiser Registry that allows States to upload a data file.<br>Q. 7 - OK may have to hire additional staff member to do this additional work or burden the current staff.<br><br>(continued) | Q. 5 - The ASC is charged with implementation of the statute as passed by Congress. The statute requires federally-regulated AMCs to report to the States to pay their registry fees. The ASC will continue to explore ways to work with States on transmission of those registry fees to minimize the burden. Q. 6 - Currently data files are accepted. The ASC will continue to work with the States to transmit information with the least burden possible.<br>Q. 7 - The ASC will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>(continued) |
| Continued:<br>Christine McEntire, Director<br>Stephen C. Walton, Vice-Chair<br>OK Real Estate Apprs. Board<br>7/6/16 | State | | Q. 8 - ASC should collect fees directly from federally-regulated AMCs rather than State acting as a pass-through. Also concerned over resources to collect fees from AMCs under formula proposed which required audits to verify. Also concerned that State must manually input data. | Q. 8 - As stated above, the ASC considered a flat fee approach, but determined such an approach is not supported by the statute. The method for uploading data will be in the same manner as is done for the Appraiser Registry, with the intention of developing ways in the future to minimize burden to the States as well as expedite current information entries on the Registries. It is up to the State to determine whether to verify AMC numbers, or alternatively rely on honor system subject to complaints. The ASC is charged with implementation of the statute as passed by Congress. The statute requires federally-regulated AMCs to report to the States to pay their registry fees. The ASC will continue to explore ways to work with States on transmission of those registry fees. Currently data files are accepted. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Dean Cameron<br>Real Estate Risk Solutions<br>7/7/16 | AMC | Proposed Rule will have large financial impact on smaller AMCs and community banks and credit unions, as well as appraisers. Regulatory Flexibility Act requires analysis when rule directly regulates small entities.<br><br>Regulatory oversight seems duplicitous. If State is already regulating AMC, how much oversight does ASC need to do. | As owner of small AMC, regulatory fees proposed are burdensome.<br><br>Focusing on commercial and agricultural loans, which are outside the covered transaction that is proposed for calculation of the AMC fee (unless principal dwelling secured). As a national AMC, opposed to paying for same appraiser in different States. AMC registry fee is on top of other State fees required by the States. | Commenter seems to be primarily addressing commercial and agricultural loans which would only be part of the equation for calculating the AMC fee if also a covered transaction.<br><br>The requirements under the proposed rule, including collection and transmission requirements, are imposed by the statute, not the proposed rule, and apply to those State Programs that elect to register and supervise AMCs following the statutory scheme set forth in section 1473 of the Dodd-Frank Act. In addition, the Regulatory Flexibility Act (RFA) does not require an agency to conduct small-entity impact analysis when the agency does not regulate the affected entities (AMCs, lenders, appraisers). The ASC's statutory oversight extends to State appraiser regulatory programs. Section 1109 of Title XI provides the framework and amount for States that elect to register and supervise AMCs to collect from AMCs.<br>(continued) |
| Continued:<br>Dean Cameron<br>Real Estate Risk Solutions<br>7/7/16 | | | | The ASC believes the proposed rule would impose the minimum fee allowed under the statutory provisions of section 1109. The ASC proposal would not exercise statutory discretion granted to the ASC to increase the fee above $25. Therefore, any burden produced is the result of statutory and not regulatory requirements. While some burden beyond the statutory requirements may result from the rule for AMCs that have not existed for more than a year, the ASC does not believe the rule will have a significant economic impact on a substantial number of small entities. Given the small number of AMCs currently in operation, it is unlikely that there will be a substantial number of AMCs that commence doing business in any given year. Further, the ASC is proposing the lowest possible fee of $25. Therefore, the ASC does not believe that the exercise of its discretion in setting the fee formula for such AMCs will have a significant economic impact on a substantial number of small entities. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Continued:<br>Dean Cameron<br>Real Estate Risk Solutions<br>7/7/16 | | | | The collection and transmission to the ASC of AMC registry fees by the States would create some recordkeeping, reporting and compliance requirements. However, these collection and transmission requirements are imposed by the statute, not the proposed rule. Further, the RFA requires an agency to perform a regulatory flexibility analysis of small entity impacts when the agency's rule directly regulates the small entities. |
| Herbert Johnson<br>Johnson Real Estate Appraisals<br>7/7/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Laurie Egan<br>National Assn. of Appraisers<br>7/8/16 | Appraiser Trade Association | General support with responses to some questions. | Q. 1 - Generally supports the Proposed Rule as written.<br>Q. 2 - Requests clarification of term "working for." "Appraiser Panel" should only include independent contractors and not employees.<br>Q. 3 - Requests clarification of term "performed an appraisal" to define whether it means upon initial submission of the report or when the appraisal has been reviewed and accepted by the client in its final form.<br>Q. 4 - Best left for States or AARO to answer.<br>Q. 5 - Believes ASC would need to collect fees from federally regulated AMCs directly as there is no alternative if State opts out.<br>Q. 6-8 - Best left for States or AARO to answer. | Q. 2 - Appraiser panel indeed is comprised of independent contractors. That term is defined in the AMC Rule and incorporated by reference in the proposal: "Terms incorporated by reference. Definitions of: appraisal management company (AMC); appraisal management services; appraisal panel; consumer credit; covered transaction; dwelling; Federally regulated AMC are incorporated from the AMC Rule by reference."<br><br>Q. 3 - Commenter wants more clarification on the terms "working for" and "performed an appraisal." In general, commenters supported the proposed interpretation of those terms as sufficient.<br><br>Q. 5 - The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that wish to appear on the AMC Registry but operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Michael Morris<br>IL Coalition of Appraisal Professionals<br>7/8/16 | Appraiser Trade Association | AMCs are not paying appraisers the minimum customary and reasonable fee. | AMCs should not be allowed to directly or indirectly require any appraiser to pay a surcharge for the cost to operate the AMC. Requests that rule require customary and reasonable fees. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| J. David Cozzarelli<br>7/9/16 | Appraiser | AMCs need to pay appraisers the minimum customary and reasonable fee. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Paea Radford<br>Pacific Coast Valuation Group<br>7/11/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Michael Kronenberg<br>East Washington Appraisal Services<br>7/11/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Caitlin Ochoa<br>7/11/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Kathy Needham<br>AA Appraisals<br>7/11/16 | Appraiser | AMCs charge fees to appraisers and control the appraisal fees. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Marty Glaser<br>Martin Appraisal Svcs<br>7/11/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| John Neubauer<br>7/11/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Jeff Parsons<br>Parsons Appraisal<br>7/12/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs.<br>AMCs cut appraiser fees. Also the requirement for a college degree is a barrier to enter the profession. | Fee should not be passed down to appraisers. Should impose fine if passed to appraiser. | While the concern may be valid, the ASC does not regulate AMCs. Furthermore, the ASC does not have statutory authority to impose fines. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Sean Hammond<br>Absolute Appraisal Services<br>7/12/16 | Appraiser | AMCs are cutting appraiser's fees. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Thomas Reynolds<br>7/12/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Eric VanderWaal<br>Bridgeport Appraisal<br>7/12/16 | Appraiser | AMCs should not hide their fees in the fee paid to appraisers. | Fees should be disclosed to the borrower. | This is outside the purview of the proposed rule, and is addressed in other rules, for example, the Truth in Lending Act (TILA). |
| Robert Mossuto Jr.<br>B. N. Appraisals (Letter 1)<br>7/12/16 | Appraiser | Confused that ASC would "allow AMCs to collect registration fee from appraisers." "Charging appraisers a fee to do business with them." | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Robert Mossuto Jr.<br>B. N. Appraisals (Letter 2)<br>7/12/16 | Appraiser | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs charging appraisers various fees to be on panel. | Fee should not be passed down to appraisers. Some State laws are being passed to enforce this. Wants federal law to enforce. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Margo Henson<br>Market Appraisal<br>7/13/16 | Appraiser | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs charging appraisers various fees to be on panel. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. Some State laws are being passed to enforce this. Wants federal law to enforce. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Elaine Morgan<br>SCPAC<br>7/13/16 | Appraiser | Commenter supports registration of AMCs, but AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. AMCs should disclose fee paid to appraiser separate from other fees. Appraisers should receive customary and reasonable fee. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Tim Hillman<br>Hillman Appraisal<br>7/13/16 | Appraiser | Rule should prohibit AMCs from passing fee down to appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Andrew Watkins<br>VACAP<br>7/13/16 | Appraiser | Rule should prohibit AMCs from passing fee down to appraisers. | Fee should not be passed down to appraisers. Appraisers should receive customary and reasonable fee. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Joe Kavanagh<br>Kavanagh Appraisal Co.<br>7/13/16 | Appraiser | Rule should prohibit AMCs from passing fee down to appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Debra Jones<br>Amazon Appraisals<br>7/13/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. Appraisers should receive customary and reasonable fee. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Thomas Lopez<br>Hometowne Appraisals<br>7/14/16 | Appraiser | Rule should clarify it is cost of doing business for AMCs. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Beth Riedel<br>Maryland Assn of Appraisers<br>7/14/16 | Appraiser Trade Association | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs charging appraisers various fees to be on panel. AMCs should not pass fee down to appraiser. Rulemaking should make clear that AMC cannot require appraisers to pay surcharge for cost to operate AMC. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Emily Shaw<br>7/14/16 | Appraiser | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs charging appraisers various fees to be on panel. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Ken Flowers<br>Alliance Appraisal Group<br>7/14/16 | Appraiser | Rule should prohibit AMCs from passing fee down to appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Steve Couch<br>Steve Couch Appraisal Svc<br>7/14/16 | Appraiser | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. Some State laws are being passed to enforce this. Wants federal law to enforce. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Robert Rosing<br>Dwellworks<br>7/15/16 | AMC | Proposed Rule could negatively affect AMCs, consumers and real estate appraisers. Burden to States. AMCs will likely pass on fees to clients and therefore consumers.<br>How will fees be used to improve the appraisal process and profession. What is the benefit of the Registry to industry as a whole. | Q. 1 - The Proposed Rule does not state that AMCs cannot pass $25 fee to appraisers. States will be tasked with another administrative burden. AMCs may pare down appraiser panels.<br>Q. 7 - Costs may negatively affect smaller AMCs causing consolidation of AMCs. | The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>The benefit of the Registry initially will be to promote information sharing between States on AMCs. The Registry will also allow lenders, AMCs and other stakeholders to identify those AMCs that are located in participating States, and therefore subject to State registration and supervision. In addition, the Registry will identify any AMCs that are federally regulated AMCs. (continued) |
| Continued:<br>Robert Rosing<br>Dwellworks<br>7/15/16 | | | | Q. 1 - While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers.<br><br>Q. 7 - The ASC believes the rule proposes the minimum fee allowed under the statutory provisions of section 1109. |
| James Kerr<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Brian Weaver<br>IL DFPR<br>7/15/16 | State Government | Suggested a two-tiered system. Asked how fees would be determined in various scenarios (1-7) concerning calculation of panel size, transmission of fees, verification of fee calculation, audit requirements. | Q. 6 - States may need to audit "below threshold AMCs." What is the timeline the ASC is considering between verification and remittance.<br>Q. 7 - States may need to hire additional staff to comply. | Each of the commenter's scenarios deal with logistics and are issues addressed in the proposed rule and will be part of the ASC Bulletin concerning collection of information which will be issued when the rule is final.<br><br>The proposed rule sets forth that States would have the flexibility to align a one-year period with any 12-month period, which may or may not be based on the calendar year. Just as many States do not use a calendar year for their existing appraiser credentialing process, the ASC believes that allowing States to set the 12-month period provides appropriate flexibility and will help States comply with the collection and transmission of AMC fees and reduce regulatory burden for State governments. The registration cycle would be left to the individual States to determine, but note that the statutory requirement in section 1109(a)(4) requires States that elect to register and supervise AMCs to submit AMC registry fees to the ASC annually. (continued) |
| Continued:<br>Brian Weaver<br>IL DFPR<br>7/15/16 | | | | Concerning the need by States to hire additional staff, the ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |

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| William Turner<br>7/15/16 | Appraiser | Opposed to the fee. AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act.<br>AMCs should not pass fee down to appraiser. Rule should prohibit AMCs from passing fee down to appraisers. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Mike Cassell<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| G. Herbert Pritchett<br>G. Herbert Pritchett & Assoc.<br>7/15/16 | Appraiser Company | Amend Dodd-Frank to give the ASC more flexibility.<br>Costs will increase for the consumer and appraiser. | Q. 4 - As currently proposed, the ASC will collect far more revenue than Congress anticipated.<br>How will the fees be utilized by the ASC. | Erroneously thinks it is $25 per appraiser on the panel.<br><br>The ASC is charged with implementation of the statute as passed by Congress.<br><br>Q. 4 - The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |
| Eric Espada<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Cathy Smart<br>Smart Appraisals<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. Fee would significantly impact business. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Carol Jones<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | Erroneously thinks it is $25 per appraisal done for an AMC.<br><br>While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Tom McKee<br>7/15/16 | Appraiser | Opposed to the fee. Misunderstands that fee is being imposed on appraisers. | | The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Jeff Krimple<br>JK Real Estate<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. It should be passed on to the lender/client. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Barbarra Satterly<br>BAS Appraisals<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. This fee will be a burden and should be reconsidered. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Rodney Thomas<br>Thomas Appraisal Service<br>7/15/16 | Appraiser | Fee imposes burden. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Dana Murray<br>7/15/16 | Appraiser | Fee should be part of AMCs doing business. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Roger Easterling<br>RTE Group<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Michael Jones<br>Galloway Appraisal<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. AMCs are making too much money for doing nothing but ordering the appraisal. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Martin Cahn<br>M.C. Appraisals<br>7/15/16 | Appraiser | AMCs should pay appraisers the customary and reasonable fee as required in the Dodd-Frank Act. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| R. Scott Hartman<br>Coalition of PA RE Apprs<br>7/15/16 | Appraiser Trade Association | In support of Option 3 but would like more detail about how ASC would use grant funds to States. Also thinks that 500 hours of regulatory burden is understated. States should be reimbursed for expenses in collecting and transmitting registry fees. | Fee should not be passed down to appraisers. Options 1 and 2 would lead to AMCs unnecessarily removing appraisers from panel. | The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Neil Thompson<br>7/15/16 | Appraiser | Assess the fee based on the total number of "federally-related assignments" completed by an AMC's appraiser roster for the previous 12-month period (as determined by the State). This would prevent an AMC from passing the fee on to the appraiser. Set up protection pools for non-payment by AMCs, and other protections for appraisers. | Fee should not be passed down to appraisers. | The ASC believes the rule proposes the minimum fee allowed under the statutory provisions of section 1109.<br><br>While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Iva Davis<br>Davis Appraisals<br>7/15/16 | Appraiser | Misunderstands that appraiser is required to pay the fee to be on AMC panel. | | The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| David Laufman<br>Sandpiper Appraisal<br>7/15/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| James Loizou<br>7/15/16 | Appraiser | Strongly in support of AMC Registry. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Appraisal Institute<br>7/15/16 | Appraiser Trade Association | Proposed Rule would affect thousands of small appraisal businesses by AMC registry fee pass through to appraisers. Does not believe the requirements of Section 609(a) of the Regulatory Flexibility Act have been met. Fee may force small AMCs out of business. May also impact sole proprietorships that accept assignments from AMCs. Recognizes ASC not required to adhere with Executive Order 12866 or issue cost benefit analysis, but believes it is sound best practice.<br><br>ASC should provide a revenue projection as well as costs to develop an AMC National Registry. ASC should develop direct grant funding to States. ASC should do extensive analysis on how the Proposed Rule will affect residential appraisers. ASC could develop a tiered AMC registry fee structure based on the size of the appraiser panel and/or the volume of appraisals brokered by an AMC. | Q. 2 - ASC should base fee on appraisals completed by an AMC for "federally related transactions" in the preceding 12 months and not a "covered transaction" found in Truth in Lending Act, and nonexistent in Title XI.<br>Q. 5 - States should not be responsible for collecting fees from federally-regulated AMCs; the responsibility for collecting these fees should be borne by the ASC.<br>Q. 8 - States may have difficulty determining the number of appraisers on an AMC panel and whether or not the number reported or dollar amount remitted are accurate.<br>States may enact administrative fees on top of those imposed by the Proposed Rule which may trickle down to appraisers. | Q. 2 - Covered transaction as defined by the AMC Rule is in fact derived from the definition of AMC in Title XI. The AMC Rule defined a covered transaction as any consumer credit transaction secured by the consumer's principal dwelling. The proposed definition did not limit the definition of "covered transaction" to federally related transactions, even though Title XI and its implementing regulations have applied historically only to appraisals for federally related transactions. The AMC Rule through the interagency process determined that defining "covered transaction" as such reflected the statutory text of section 1121(11), which defines the term "appraisal management company," as in pertinent part, "any external third party authorized either by a creditor of a consumer credit transaction secured by the consumer's principal dwelling or by an underwriter of or other principal in the secondary mortgage markets."<br><br>(continued) |
| Continued:<br>Appraisal Institute<br>7/15/16 | | | | It was further determined that applying coverage of the AMC rule beyond federally related transactions is consistent with the structure and text of other parts of Title XI, section 1124, most of which address appraisals generally rather than appraisals only for federally related transactions. In particular, the Title XI text of section 1124(a)(4) indicates that one of the chief purposes of the minimum requirements for AMCs is to ensure compliance with the valuation independence standards established pursuant to section 129E of TILA. Those standards apply to AMCs whenever they engage in a consumer credit transaction secured by the consumer's principal dwelling, regardless of whether the transaction is a federally related transaction. (continued) |

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| Continued:<br>Appraisal Institute<br>7/15/16 | | | | Q. 5 - The requirement for States to collect fees from Federally regulated AMCs is statutory. Under Title XI, section 1109(a)(4)(B), participating States are required to collect an annual ASC fee from each AMC that is registered with the States or operated as a subsidiary of an insured Federally regulated financial institution. The AMC Rule through the interagency process determined that Title XI, sections 1109(a)(4)(B) and 1124(e) together require States to collect information related to the determination of the fee for Federally regulated AMCs operating in their States.<br><br>The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that wish to appear on the AMC Registry but operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States. (continued) |
| Continued:<br>Appraisal Institute<br>7/15/16 | | | | Q. 8 - It is up to the State to determine whether to verify AMC numbers, or alternatively rely on honor system subject to complaints.<br><br>The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. (continued) |

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| Continued:<br>Appraisal Institute<br>7/15/16 | | | | Concerning the Regulatory Flexibility Act (RFA), the requirements under the proposed rule, including collection and transmission requirements, are imposed by the statute, not the proposed rule, and apply to those State Programs that elect to register and supervise AMCs following the statutory scheme set forth in section 1473 of the Dodd-Frank Act. In addition, the RFA does not require an agency to conduct small-entity impact analysis when the agency does not regulate the affected entities (AMCs, lenders, appraisers). The ASC's statutory oversight extends to State appraiser regulatory programs. Section 1109 of Title XI provides the framework and amount for States that elect to register and supervise AMCs to collect from AMCs.<br>(continued) |
| | | | | The ASC believes the proposed rule would impose the minimum fee allowed under the statutory provisions of section 1109. The ASC proposal would not exercise statutory discretion granted to the ASC to increase the fee above $25. Therefore, any burden produced is the result of statutory and not regulatory requirements. While some burden beyond the statutory requirements may result from the rule for AMCs that have not existed for more than a year, the ASC does not believe the rule will have a significant economic impact on a substantial number of small entities. Given the small number of AMCs currently in operation, it is unlikely that there will be a substantial number of AMCs that commence doing business in any given year. Further, the ASC is proposing the lowest possible fee of $25. Therefore, the ASC does not believe that the exercise of its discretion in setting the fee formula for such AMCs will have a significant economic impact on a substantial number of small entities.<br>(continued) |

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| Continued:<br>Appraisal Institute<br>7/15/16 | | | | The collection and transmission to the ASC of AMC registry fees by the States would create some recordkeeping, reporting and compliance requirements. However, these collection and transmission requirements are imposed by the statute, not the proposed rule. Further, the RFA requires an agency to perform a regulatory flexibility analysis of small entity impacts when the agency's rule directly regulates the small entities. |
| Roger Meade<br>7/16/16 | Appraiser | Opposed to fee. | | The ASC is charged with implementation of the statute as passed by Congress. |
| Thomas Dilts<br>7/17/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Tom Salomone<br>National Assn. of Realtors<br>7/18/16 | Real Estate Trade Association | Supports third option. AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | Several commenters have expressed support for third option.<br><br>While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Jamie Wickliffe<br>TX Appr. Lic. & Cert. Board | State Government | | Q. 1 - Should clearly define terms within definition. Proposed Rule does not define "appraisal service." If the ASC intended the TILA definition of appraisal services to apply here, it should clearly say so.<br>Q. 2 - Opposes interpretation of "working for or contracting with" because it will create an entirely new regulatory criteria for States to implement and validate (require audits). Interpretation under Option 1 easiest for States.<br>Q. 3 - Interpretation under Option 2 would not be easier to implement and would create a new regulatory criteria for State appraiser agencies to implement and administer. States would have to rely on AMCs self reporting this information.<br>Q. 4 - ASC must allow States the ability to collect and transmit multi-year fees similar to the ASC National Registry. ASC should consider decreasing fee to less than $25. This would still allow the ASC plenty of funds to perform its Title XI related functions. There is no mention of how ASC will use these funds. Nothing to prevent AMCs from passing fee to appraisers.<br>Q. 5 - Federally regulated AMCs operating in a State that does not have an AMC program should report and submit fees directly to the ASC.<br>Q. 6 - See answers to questions 1, 2 and 4. | Q. 1 - The term appraisal service was intentionally left to a plain english interpretation rather than being too technical. States could be more restrictive.<br>Q. 2 - This commenter is the only opposition to the ASC's interpretation of "working for or contracting with." While the commenter's concern is understood, the ASC favored the interpretation that would allow for the minimum fee under the statute. with regard to requiring audits, it is up to the State to determine whether to verify AMC numbers, or alternatively rely on honor system subject to complaints.<br>Q. 3 - Understand basis for not supporting Option 2.<br>(continued) |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Continued:<br>Jamie Wickliffe<br>TX Appr. Lic. & Cert. Board | | | | Q. 4 - The proposed rule sets forth that States would have the flexibility to align a one-year period with any 12-month period, which may or may not be based on the calendar year. Just as many States do not use a calendar year for their existing appraiser credentialing process, the ASC believes that allowing States to set the 12-month period provides appropriate flexibility and will help States comply with the collection and transmission of AMC fees and reduce regulatory burden for State governments. The registration cycle would be left to the individual States to determine, but note that the statutory requirement in section 1109(a)(4) requires States that elect to register and supervise AMCs to submit AMC registry fees to the ASC annually.<br><br>The commenter sets out argument for decreasing fee below $25. The ASC interprets the $25 to be the minimum allowable under the statute.<br><br>(continued) |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Continued:<br>Jamie Wickliffe<br>TX Appr. Lic. & Cert. Board | | | | The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>Regarding passing the fee on to appraisers, while the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers.<br>Q. 5 - The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Virginia Coalition of Appraiser Professionals<br>7/18/16 | Appraiser Trade Association | Supports collection of AMC registry fees. AMCs should not pass fee down to appraiser. Make it transparent to the consumer what the appraiser is being paid for the appraisal. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers.<br><br>This is outside the purview of the proposed rule, and is addressed in other rules, for example, the Truth in Lending Act (TILA). |
| Marvin Dever<br>Kentucky Assn of Real Estate Appraisers<br>7/18/16 | Appraiser Trade Association | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Dee Sharp<br>WA Dept of Licensing<br>7/18/16 | State Government | Supports third option but believes it will be a burden to States to collect information from AMCs. Would prefer a flat fee. | Q. 5. - Believes the ASC should collect from federally-regulated AMCs that operate in States that do not have an AMC program. Believes it would streamline the collection process and would prevent nationwide AMCs from having to submit a patchwork of documentation to each State.<br>Q. 6 - Foresees several barriers to collecting reliable data on how many appraisers are on an AMC roster and how many have done work for AMC in previous 12 months. WA would need to adopt new rules, create new forms and update its current IT systems to collect and maintain this data.<br>Believes that third option would reduce collection costs and be easiest for WA IT Dept to implement.<br>Q. 7 - State may have additional IT costs to update operating systems, transmission costs from State to ASC, and development of new database to house information.<br>Increased labor costs for staff needed for implementation of proposed rules. | Q. 5 - The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States.<br><br>Q. 6 & 7 - The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br>Commenter supports third option. |
| Jodi Sheldon<br>Sheldon Appraisals<br>7/18/16 | Appraiser | AMCs should be regulated and pay appraisers customary and reasonable fees. | | Commenter supports regulation of AMCs.<br><br>The ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Michael Chapman<br>7/18/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Joshua Walitt<br>Property Interlink<br>7/18/16 | AMC | Supports third option. Suggests clarification that ordering reviews would not count toward fee. | Commenter suggesting flat fee. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers.<br><br>The ASC considered a flat fee approach, but determined that such an approach is not supported by the statute. |
| Richard Carmichael<br>RL Carmichael & Associates<br>7/19/16 | Appraiser | Believes that AMCs are another layer in the process and should be eliminated. Does not believe that AMCs serve the purpose for which they were intended. AMCs should pay customary and reasonable fees. | | The ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor. |

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| John Dickman<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Lore DeAstra<br>Continental Appraisal Consultants<br>7/19/16 | Appraisal Consultant | AMCs should register in State in which they work but should not be able to deduct fee from appraiser's customary and reasonable fee. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| Curtis Darlington<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Thomas Baldwin<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. AMCs should pay customary and reasonable fees. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

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| D. Thomas Smith<br>PA Board of Certified RE Apprs.<br>7/19/16 | State Government | State supports the third option as it is least burdensome to appraisers and AMCs. It will also be least burdensome to the State from an administrative point of view. However the proposed rule creates significant administrative burden on the Board to calculate and verify fee, create administrative process which will include IT expenditures, to administer and transmit registry fee. | Q. 1 - States should be allowed to send in multi-year fees. Because this will not be a flat fee like the fee like appraiser fee, the State may have to verify that it is correct which would be an administrative burden. The Board has concerns about collecting fees from federally-regulated AMCs which are exempt from registration with the State. It is unclear to what extent the Board staff will need to have to verify or determine whether AMCs meet the federal definition of an AMC.<br>Q. 5 - The Board neither supports or opposes ASC collection of fees from federally-regulated AMCs if a State does not have an AMC program. If the ASC sets up a program to collect fees from AMCs in those States, the Board questions efficiency/prudence of having States that have a program and collected fees from setting up separate and individualized systems to collect AMC fees.<br>Q. 7 - The Board would incur additional costs to set up a system to collect and transmit AMC fees. It has not had sufficient time to quantify costs and cannot provide specific projected expenses.<br>Q. 8 - Requests multiple-year fees rather than annually, the ASC should consider implementing centralized computer system for collecting AMC registry fees, and use some of the fees to provide grants to States to set up and run their AMC programs. | Q. 1 - If a State can assess on a multi-year basis, the ASC would not object. However, the statutory requirement in section 1109(a)(4) requires States that elect to register and supervise AMCs to submit AMC registry fees to the ASC annually. The proposed rule sets forth that States would have the flexibility to align a one-year period with any 12-month period, which may or may not be based on the calendar year. Just as many States do not use a calendar year for their existing appraiser credentialing process, the ASC believes that allowing States to set the 12-month period provides appropriate flexibility and will help States comply with the collection and transmission of AMC fees and reduce regulatory burden for State governments. The registration cycle would be left to the individual States to determine. States are not required to audit AMCs to determine validity of information submitted to the State; a State may determine to periodically audit, or alternatively may rely on complaint/investigation to enforce. (continued) |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Continued:<br>D. Thomas Smith<br>PA Board of Certified RE Apprs.<br>7/19/16 | | | | Q. 5 - The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States.<br><br>The requirement for States to collect fees from Federally regulated AMCs is statutory. Under Title XI, section 1109(a)(4)(B), participating States are required to collect an annual ASC fee from each AMC that is registered with the States or operated as a subsidiary of an insured Federally regulated financial institution. The AMC Rule through the interagency process determined that Title XI, sections 1109(a)(4)(B) and 1124(e) together require States to collect information related to the determination of the fee for Federally regulated AMCs operating in their States.<br><br>(continued) |
| Continued:<br>D. Thomas Smith<br>PA Board of Certified RE Apprs.<br>7/19/16 | | | | Q. 7 & 8 - The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |

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| Pamela Pawlowski<br>7/19/16 | Appraiser | The AMC should absorb the cost. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Diana Nytko<br>CT Property Appraisers<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Robert Nelson<br>MSP Appraisal Services<br>7/19/16 | Appraiser | Consumers should be made aware of the individual costs of their mortgage transactions. | | This is outside the purview of the proposed rule, and is addressed in other rules, for example, the Truth in Lending Act (TILA). |
| NC Real Estate Appr. Assn.<br>7/19/16 | Appraiser Trade Association | AMCs should not pass fee down to appraiser. Make all fees pertaining to the loan transparent to the consumer. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers.<br><br>This is outside the purview of the proposed rule, and is addressed in other rules, for example, the Truth in Lending Act (TILA). |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Joseph Mier<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. Confusion on covered transaction as one that follows the guidelines of USPAP. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Carol Keehn<br>Heartland Appraisals<br>7/19/16 | Appraiser | Separate AMC fees from those paid to the appraiser. Stop AMC pressure on appraisers to turn around appraisals quickly. | | This is outside the purview of the proposed rule, and is addressed in other rules, for example, the Truth in Lending Act (TILA). |
| Earl Brown<br>Cross Appraisal<br>7/19/16 | Appraiser | Opposes fee. | | The ASC is charged with implementation of the statute as passed by Congress. |
| Morey Barnes Yost<br>Alston & Bird<br>7/19/16 | AMC | Supports Option 3. Requests consideration of a de minimis exception. The ASC should allow AMCs to use the IRS 1099 threshold and thus exclude those appraisers to whom it pays less than $600 during a tax year, which would include appraisers who performed only one appraisal assignment, and perhaps up to three. This would also reduce the State's reporting burden. | | While the commenter is proposing an alternative to potentially reduce AMC registry fees, the ASC is concerned there would be unintended consequences. For example, there could be a reduction in appraiser fees in order to avoid the proposed threshold. Additionally, AMCs might select appraisers in a manner to avoid the threshold rather than basing a selection on competency. The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Leslee John<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Melissa Jones<br>M.A. Jones, Inc.<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Dale Bailey<br>7/19/16 | Appraiser | Opposes AMCs. AMCs should pay customary and reasonable fees. | | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level. Furthermore, the ASC does not regulate customary and reasonable fees. The appropriate agency to receive concern about a creditor's compliance with the Truth in Lending Act (TILA), including the requirement for the creditor or the creditor's agent (includes AMCs) to pay an appraiser a customary and reasonable fee, is the agency that enforces TILA with respect to the creditor.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| John Sherman<br>WY Certified RE Appr. Board<br>7/19/16 | State Government | Supports option 3. This will be a lot of work for States. | Q. 1 - Option 1 would likely penalize AMCs for adding appraisers to roster for future use. Would also be burdensome for States.<br>Option 3 seems to be the most logical because it is based on whether compensation has been received by all parties. Would also simplify the queries that States would need to run to report all registered AMCs that have completed appraisal reports during a specific year or timeframe.<br>Q. 2 - "Working for" and "Contracting with" must be properly defined with specifics and parameters.<br>Q. 3 - Could penalize AMCs if an order is accepted and assigned but later cancelled and neither the AMC or the appraiser receive any compensation.<br>Could also be burdensome for States to enforce without having a status of assignments and their completion during a given timeframe.<br>Q. 7 - State estimates that burden would be 25 hours per month of staff time to complete. Will also cost approximately $6K to design database and $700/month for staff to maintain. | Commenter supports Option 1.<br><br>The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Roy Villa<br>7/19/16 | Appraiser | Appraisers have minimal input or no influence in the lending appraisal process. Opposed to AMCs. | | The ASC is charged with implementation of the statute as passed by Congress. |
| Marcia Waters<br>CO Division of Real Estate<br>7/19/16 | State Government | Third option would be most equitable. | Q. 1 - Option 3 would be the most equitable as fees are assessed for actual work performed.<br>Q. 6 - The State does not have the resources or capacity to track appraisers that work or contract with AMCs. AMCs would need to self report the number of appraisers to the State. CO does not have authority to collect fees from entities that are exempt from State licensure, nor do they have authority to require that those entities submit data to the State Board. ASC would need to collect the fees from those entities directly. | Supports Option 3.<br><br>The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved.<br><br>The requirement for States to collect fees from Federally regulated AMCs is statutory. Under Title XI, section 1109(a)(4)(B), participating States are required to collect an annual ASC fee from each AMC that is registered with the States or operated as a subsidiary of an insured Federally regulated financial institution. The AMC Rule through the interagency process determined that Title XI, sections 1109(a)(4)(B) and 1124(e) together require States to collect information related to the determination of the fee for Federally regulated AMCs operating in their States. |
| Diana Magee<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Timothy Herndon<br>Herndon Appraisal Service<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Steve Linville<br>Collateral Risk Network<br>7/19/16 | Appraiser Trade Association | Supports the third option. | Q. 2 - For AMCs in business less than 12 months, determining how many appraisals in the State the appraiser has done could be difficult and become an unintended consequence.<br>Q. 4 - There should be flexibility with the timing of payment of fees and the actual transmission of the fees. The final rule should add additional language that clearly addresses these potential gaps in order to avoid any unintended consequences. | Q. 2 - The ASC's interpretation of "working for or contracting with" is the same for AMCs that have been in existence for a year and those that have not.<br><br>Q. 4 - The proposed rule sets forth that States would have the flexibility to align a one-year period with any 12-month period, which may or may not be based on the calendar year. Just as many States do not use a calendar year for their existing appraiser credentialing process, the ASC believes that allowing States to set the 12-month period provides appropriate flexibility and will help States comply with the collection and transmission of AMC fees and reduce regulatory burden for State governments. |
| Jeff Graham<br>RRR Appraisal Services<br>7/19/16 | Appraiser | Supports the third option, but costly. | Q. 2 - Feels the third option would be the most equitable as it applies to those appraisers who had completed assignments. First two options may cause AMCs to pare their appraiser panels. | Supports Option 3.<br><br>The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Scott Johnson<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Roberta Ouellette<br>NC Appraisal Board<br>7/19/16 | State Government | AMC Rule defines "covered transaction." It should be added to this Final Rule as well so it is consistent.<br>States should have the ability to establish a definition of "previous year." Cut off date and renewal date can be established by the State. | | Definitions, including covered transaction, were incorporated by reference from the AMC Rule. The final Rule can pull those definitions and include in the final Rule.<br><br>The proposed rule sets forth that States would have the flexibility to align a one-year period with any 12-month period, which may or may not be based on the calendar year. Just as many States do not use a calendar year for their existing appraiser credentialing process, the ASC believes that allowing States to set the 12-month period provides appropriate flexibility and will help States comply with the collection and transmission of AMC fees and reduce regulatory burden for State governments. |
| Christopher Jourdan<br>Jourdan Appraisal Services<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
|---|---|---|---|---|
| Desiree Mehbod<br>eAppraise<br>7/19/16 | Appraiser | AMCs should not pass fee down to appraiser. | Fee should not be passed down to appraisers. | While the concern may be valid, the ASC does not regulate AMCs. Any regulation is by the State. Some commenters refer to some States attempting to regulate this at the State level.<br><br>The statute requires those States that elect to register and supervise AMCs to collect the registry fee from AMCs. It is not a fee assessed on appraisers. |
| Mark Schiffman<br>REVAA<br>7/19/16 | AMC | AMCs operate on a thin profit margin due to State licensing fees and administrative fees. This is the cost of doing business. | Q. 1 - Fee should be based on FRTs as noted in Title XI; not covered transactions. The fees that will be generated using the definition of covered transaction, rather than an FRT, as a multiplier, will result in the collection of fees that are excessive in duplication as well as amount, greatly exceeding the mandate set in 1109(b).<br>The choice to pass the fee onto the appraiser should be left to the AMC. Appraisers have a choice of which AMC panels they want to be a part of.<br><br>(continued) | Q. 1 - The ASC proposal is consistent with the AMC Rule and the statute. The AMC Rule defined a covered transaction as any consumer credit transaction secured by the consumer's principal dwelling. The proposed definition did not limit the definition of "covered transaction" to federally related transactions, even though Title XI and its implementing regulations have applied historically only to appraisals for federally related transactions. The AMC Rule through the interagency process determined that defining "covered transaction" as such reflected the statutory text of section 1121(11), which defines the term "appraisal management company," as in pertinent part, "any external third party authorized either by a creditor of a consumer credit transaction secured by the consumer's principal dwelling or by an underwriter of or other principal in the secondary mortgage markets." |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Continued:<br>Mark Schiffman<br>REVAA<br>7/19/16 | | | Q. 2 - Agrees with adoption of third option but the term "performed" needs clarity in a manner that is finite. Appraisals could be considered "performed" when delivered by the AMC to the client.<br>Q. 3 - Option two is not a workable interpretation of the phrase "working for or contracting with" since it could inflate the number of countable appraisers resulting in an inflated fee.<br>Rely upon the number of completed appraisals.<br>Registry fee would result if the AMC and appraiser were not ultimately paid by the client.<br>More guidance is needed on definition of covered transaction.<br>(continued) | It was further determined that applying coverage of the AMC rule beyond federally related transactions is consistent with the structure and text of other parts of Title XI, section 1124, most of which address appraisals generally rather than appraisals only for federally related transactions. In particular, the Title XI text of section 1124(a)(4) indicates that one of the chief purposes of the minimum requirements for AMCs is to ensure compliance with the valuation independence standards established pursuant to section 129E of TILA. Those standards apply to AMCs whenever they engage in a consumer credit transaction secured by the consumer's principal dwelling, regardless of whether the transaction is a federally related transaction.<br>(continued) |
| Continued:<br>Mark Schiffman<br>REVAA<br>7/19/16 | | | Q. 4 - While it is understandable that States should have some flexibility in in connection with the collection of registry fees, some boundaries or guidelines should be implemented within the final rule. Varying State expiration dates could be financially and logistically challenging for AMCs.<br>(continued) | Q. 2 - The proposal states: "Performance of an appraisal means the appraisal service requested of an appraiser by the AMC was provided to the AMC." The concern with changing the interpretation of "performed" to delivery of appraisal to the client is that the AMC is acting as an agent of the appraiser's client, and therefore delivery of the AMC is delivery to the client.<br>Q.3 - Definitions, including covered transaction, were incorporated by reference from the AMC Rule. The final Rule can pull those definitions and include in the final Rule.<br>Q. 4 - Based on annual fees paid by the States historically for appraiser registry fees, we recognize States require flexibility to determine the period for reporting and collection of registry fees dependent on their budget cycles, rules and statutes. States vary greatly on the 12-month cycle as well as renewal cycles, which in some States may be 2 years or more.<br>(continued) |

| Commenter | Category | Overall Summary | Comments on NPRM & Questions | Notes & Recommended Response |
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| Continued:<br>Mark Schiffman<br>REVAA<br>7/19/16 | | | Q. 5 - Having the ASC collect fees from federally regulated AMCs in non-participating States would be the best approach.<br>Q. 6 - States could chose to opt out of AMC licensing due to the reported low percentage of FRTs compared to overall transactions. This would be a barrier to collection of fees in those States.<br>Q. 7 - States should not be allowed to levy additional fees on AMCs to cover the costs of collecting and transmitting fees to the ASC. | Q. 5 - The ASC will need to determine whether the ASC should collect information and fees directly from Federally regulated AMCs that operate in States that do not elect to register and supervise AMCs. Several commenters support this for non-participating States.<br>Q. 7 - The interagency AMC Rule referenced in its preamble the option for States collecting a fee from Federally regulated AMCs to offset the cost of collecting the AMC Registry fee and the information related to the fee. This is a matter left to the States |
| D. Thomas Smith<br>PA Board of Certified RE Apprs.<br>7/19/16 | State Government | Believes that 500 hour burden total for States is grossly underestimated or how that amount was calculated. The ASC failed to consider administrative costs and expenses for creating and maintaining a database, and staff time to run the program. ASC could provide funding to States to help run the program. | | The ASC will continue to work with States to address increased burden and will continue to explore means to provide additional grant funding to the States to support State programs as funds are available and additional grant policies and procedures are developed and approved. |
| Jim Adams<br>Trinity Real Estate Solutions<br>8/5/16 | Real Estate Company | Regulation and oversight of AMCs should remain at a State level. Seems to be way for ASC to get additional income. | Received after comment period had closed. | The ASC is charged with implementation of the statute as passed by Congress. |

October 20, 2016

**To:** State Appraiser Regulatory Officials

**Subject:** Rollout of the Unique Identifier for Appraisers on the National Registry

The Appraisal Subcommittee (ASC) is announcing the rollout of the Unique Identifier (UID) for State appraiser regulatory programs and their appraisers on the National Registry of Appraisers (Appraiser Registry). The UID will assign a unique number to each credentialed appraiser on the Appraiser Registry.

The rollout will be implemented in three phases:

- Phase One – State data inconsistency analysis and validation
- Phase Two – State data conversion of UID
- Phase Three – Elimination of Social Security Numbers (SSNs) on the Appraiser Registry (the ASC will no longer accept SSNs from the States, and the ASC will no longer retain SSNs)

Benefits of the UID

The UID will link each unique appraiser credential on the Appraiser Registry so that an appraiser's credential in one State will be linked with that same appraiser's credential in any other State. The UID will also eliminate State transmission of appraisers' SSNs to the ASC. Once all States have fully implemented the UID program the ASC will no longer retain SSNs.

UID Functionality

The UID may be employed by States in either of two ways:

- through a stand-alone software program which will reside on an individual State computer; or
- the State may use an application program interface (API) which will allow States to "hardcode" the UID software into their database.

Either will allow States to encrypt an appraiser's SSN and generate an encrypted 44-character alpha-numeric identifier which is transmitted to the Appraiser Registry.

Implementation of UID

Phase One – Only applies to States that provide a data file to the ASC to update the Appraiser Registry. The ASC will provide States with Reports on State data file submissions that are inconsistent with their current data on the Appraiser Registry and will ask the State to validate the data.

Phase Two – States will select a conversion method:

- a State may request that ASC staff utilize the State's existing data to generate a UID for that State's appraisers; or
- a State may convert the data in-house utilizing the stand-alone software or API.

In either case, ASC staff will work with the States to complete implementation of Phase Two. (Please note: For those States that do not submit SSN data for inclusion on the Appraiser Registry, ASC staff will work with your State personnel to implement Phase Two.)

Phase Three – Once Phase Two is fully implemented, the ASC will no longer accept or retain SSN data. States will be utilizing the stand-alone software or API to generate a UID for all entries on the Appraiser Registry.

Time frame for Phase One Implementation

By October 31st, ASC staff will generate and review reports that appear to have inconsistent State data that needs to be validated. ASC staff will provide reports to affected States for their validation. This will not apply to every State.

ASC staff is targeting January 31, 2017, as the start of Phase Two and June 1, 2017, for completion. States are requested to notify ASC staff no later than November 15, 2016, of their preference for implementation of Phase Two and request access for their appointed State authorized UID user(s). ASC staff will then provide the State with information necessary to carry out the initial conversion for appraisers currently on the Appraiser Registry.

Please contact Brian Kelly at 202-595-7579 or Brian@asc.gov if you have any questions. He will also be able to schedule a demonstration of the UID program if requested, and can answer any questions you may have.

Sincerely,

James R. Park
Executive Director

**APPRAISAL SUBCOMMITTEE**
**OPEN SESSION MEETING MINUTES**
**JULY 13, 2016**

LOCATION: Federal Reserve Board – International Square location
1850 K Street NW, Washington, DC 20006

**ATTENDEES**

**ASC MEMBERS**: FRB – Art Lindo (Chair)
CFPB – Mira Marshall
FDIC – Marianne Hatheway
FHFA – Robert Witt
HUD – Ada Bohorfoush
NCUA – Tim Segerson

**ASC STAFF:** Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Dan Rhoads
Policy Manager – Claire Brooks
Policy Manager – Vicki Metcalf
Policy Manager – Kristi Klamet
Policy Manager – Neal Fenochietti
Administrative Officer – Brian Kelly

**OBSERVERS:** Appraisal Foundation – Dave Bunton
Appraisal Foundation – Cathy Johnson
Appraisal Foundation – Edna Nkemngu
CFPB – Deana Krumhansl
FDIC – Suzy Gardner
FDIC – Victor Olshanky
FDIC – Michael Briggs
FDIC – Richard Foley
FDIC – Kimberly Stock
FRB – Gillian Burgess
FRB – Carmen Holly
HUD – Robert Frazier
NAR – Sehar Siddiqi
OCC- Bob Parson
OCC – Joanne Phillips
REVAA – Tom Tilton

The Meeting was called to order at 10:00 a.m. by A. Lindo.

**REPORTS**

- **Chairman**

  A. Lindo welcomed observers to the Meeting.

- **Executive Director**

  J. Park reported on ASC staff activities since the ASC's May 11th Meeting. He and V. Metcalf attended the May 12-14 Appraisal Foundation Board of Trustees Meeting in Naples, FL and the June 16-17 Appraisal Standards Board (ASB) Meeting in Indianapolis, IN. He and D. Graves attended the June 23-24 Appraiser Qualifications Board (AQB) Meeting in Las Vegas, NV. On July 12, he provided an ASC Update at the Valuation Expo in Baltimore, MD. A. Ritter also attended the Valuation Expo.

  J. Park added that work on the Unique Identifier Project is continuing and staff hopes to have it operational in the next 2-3 months. All States have been contacted and staff believes States will participate voluntarily. Staff is working on the details of the rollout and will share those with the ASC once completed.

  J. Park also reported on the development of the AMC Registry. The AMC Registry is in its final stages and should be operational once the AMC registry fee rule is in final form.

- **Delegated State Compliance Reviews**

  D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's May 11th Meeting. Three State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Arizona was awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. Arkansas and Louisiana were awarded a finding of "Good" and both will remain on a two-year Review Cycle.

- **Financial Manager**

  G. Hull reported on the Appraisal Foundation grant submissions. The Appraisal Foundation submitted two grant reimbursement requests covering February 2016 and March 2016. The February request in the amount of $28,955 was for costs related to a two-day series of work sessions and a public meeting held in Tampa, FL on February 18-19, 2016, ongoing activities of the ASB and AQB, and initial planning of the 2016 Investigator Training courses. The March request in the amount of $15,895 was for costs related to ongoing activities of the ASB and AQB, and for the ongoing planning of the 2016

Investigator Training courses. The total FY16 grant budget is $659,632 and $499,725 remains unexpended.

A draft copy of the Appraisal Foundation Agreed Upon Procedures Review for the period ending September 30, 2015, was received by ASC staff. Once the Review Report is finalized, a copy will be sent to the ASC members.

**ACTION ITEMS**

- **May 11, 2016 Open Session Minutes**

  M. Marshall made a motion to approve the May 11th open session meeting minutes as presented. A Bohorfoush seconded and all members present voted to approve.

- **Notation Vote to approve the March 9, 2016 ASC Closed Session Minutes**

  The notation vote to approve the March 9, 2016 ASC closed session meeting minutes passed by a 7-0 vote on May 11, 2016.

The Open Session adjourned at 10:17 a.m. The next ASC Meeting will be September 14, 2016.